FOCUS NRN

TOP 100 CHAINS: Ranked by Systemwide Food-Service Sales

Rank 1985	Rank 1984	Chain	Chain Headquarters	Concept	Parent Company	Fiscal Year Ends	Systemwide Sales (By Fiscal Year, in Millions) Current	Last Full	Previous	Market Share
1	1	**McDonald's**	Oak Brook, Ill.	Burger	McDonald's Corp.	Dec.	$11,500.0	$10,000.0	$8,700.0	7.59%
2	2	**Burger King**	Miami, Fla.	Burger	Pillsbury Co.	May	4,520.0	3,990.0	3,400.0	2.98
3	3	**Kentucky Fried Chicken**[1]	Louisville, Ky.	Chicken	R. J. Reynolds Industries Inc.	Dec.	3,200.0	2,800.0	2,600.0	2.11
4	4	**Wendy's**	Dublin, Ohio	Burger	Wendy's Int'l Inc.	Dec.	3,000.0	2,420.0	1,920.0	1.98
5	6	**Hardee's**	Rocky Mount, N.C.	Burger	Imasco Ltd.	March	2,200.0	1,800.0	1,600.0	1.45
6	5	**Pizza Hut**	Wichita, Kan.	Pizza	PepsiCo Inc.	Dec.	2,150.0	1,870.0	1,600.0	1.42
7	9	**Marriott Food Service Mgt.**	Bethesda, Md.	Contract	Marriott Corp.	Dec.	1,550.0	1,111.3	950.6	1.02
8	7	**Dairy Queen**	Minneapolis, Minn.	Ice Cream	International Dairy Queen Inc.	Nov.	1,520.0	1,250.0	1,300.0	1.00
9	8	**ARA Services**	Philadelphia, Pa.	Contract	ARA Holding Co.	Dec.	1,312.7	1,243.1	1,172.3	0.87
10	10	**Big Boy**	Glendale, Calif.	Fam. Rest.	Marriott Corp.	Dec.	1,210.0	1,100.0	1,400.0	0.80
11	23	**Domino's**	Ann Arbor, Mich.	Pizza	Domino's Pizza Inc.	Dec.	1,200.0	626.0	355.0	0.79
12	11	**Sheraton**	Boston, Mass.	Hotel	ITT Corp.	Dec.	1,196.0	1,095.0	1,004.0	0.79
13	12	**Denny's**[2]	La Mirada, Calif.	Fam. Rest.	DHI Corp.	June	1,164.8	1,060.0	975.0	0.77
14	13	**Holiday Inn**	Memphis, Tenn.	Hotel	Holiday Corp.	Dec.	990.0	893.1	835.0	0.65
15	15	**Hilton**	Beverly Hills, Calif.	Hotel	Hilton Hotel Corp.	Dec.	987.0	812.3	717.0	0.65
16	14	**Red Lobster**	Orlando, Fla.	Dinnerhouse	General Mills Inc.	May	938.8	827.0	775.0	0.62
17	19	**Taco Bell**	Irvine, Calif.	Taco	PepsiCo. Inc.	Dec.	873.0	710.0	570.0	0.58
18	16	**Saga**	Menlo Park, Calif.	Contract	Saga Corp.	June	866.5	777.7	710.5	0.57
19	17	**Arby's**	Atlanta, Ga.	Roast Beef	Royal Crown Cos.	Dec.	825.0	760.0	657.0	0.54
20	46	**Service America**	Cheverly, Md.	Contract	Allegheny Beverage Corp.	March	770.0	332.3	237.6	0.51
21	18	**Marriott Hotel**	Bethesda, Md.	Hotel	Marriott Corp.	Dec.	744.0	729.3	633.6	0.49
22	21	**Long John Silver's**	Lexington, Ky.	Fish	Jerrico Inc.	June	716.0	643.4	602.3	0.47
23	20	**Ponderosa**[3]	Dayton, Ohio	Fam. Steak.	Ponderosa Inc.	Feb.	662.5	694.7	595.9	0.44
24	22	**Church's**[4]	San Antonio, Tex.	Chicken	Church's Fried Chicken Inc.	Dec.	650.0	633.0	548.0	0.43
25	24	**Jack-in-the-Box**	San Diego, Calif.	Burger	Ralston Purina Co.	Sept.	621.2	575.2	531.7	0.41
26	25	**Dunkin' Donuts**	Braintree, Mass.	Doughnut	Dunkin' Donuts Inc.	Oct.	594.0	532.1	475.8	0.39
27	27	**Shoney's**	Nashville, Tenn.	Fam. Rest.	Shoney's Inc.	Oct.	590.0	514.3	424.5	0.39
28	26	**7-Eleven**[5]	Dallas, Tex.	C-Store	Southland Corp.	Dec.	570.0	528.0	486.0	0.38
29	28	**Roy Rogers**	Bethesda, Md.	Burger	Marriott Corp.	Dec.	545.0	483.3	428.0	0.36
30	30	**Sizzler**[6]	Los Angeles, Calif.	Fam. Steak.	Collins Foods Int'l Inc.	April	535.0	460.0	384.0	0.35
31	29	**Baskin-Robbins**	Glendale, Calif.	Ice Cream	Allied-Lyons PLC.	Dec.	519.0	470.0	455.0	0.34
32	36	**Western Sizzlin'**	Augusta, Ga.	Fam. Steak.	Western Sizzlin Steak Houses Inc.	Oct.	500.0	400.0	300.0	0.33
33	31	**Canteen**	Chicago, Ill.	Contract	Transworld Corp.	Dec.	499.7	442.2	369.5	0.33
34	34	**Bonanza**[7]	Dallas, Tex.	Fam. Steak.	USA Cafes Inc.	Sept.	475.6	425.0	386.0	0.31
35	33	**Friendly Ice Cream**	Wilbraham, Mass.	Fam. Rest.	Hershey Food Corp.	Dec.	473.3	427.1	383.5	0.31
36	35	**Westin**	Seattle, Wash.	Hotel	UAL Inc.	Dec.	465.0	411.0	350.0	0.31
37	32	**Howard Johnson's Restaurant**	North Quincy, Mass.	Fam. Rest.	Imperial Group PLC.	Oct.	460.5	438.4	434.6	0.30
38	43	**Chi-Chi's**	Louisville, Ky.	Dinnerhouse	Chi-Chi's Inc.	April	425.0	355.0	263.0	0.28
39	39	**Dobbs**	Memphis, Tenn.	Contract	Carson Pirie Scott & Co.	Feb.	421.0	368.9	343.8	0.28
40	37	**Bennigan's**	Dallas, Tex.	Dinnerhouse	Pillsbury Co.	May	420.0	375.0	343.8	0.28
41	38	**K mart**	Troy, Mich.	In-store	K mart Corp.	Jan.	395.0	373.0	300.0	0.26
42	44	**T.G.I. Friday's**	Dallas, Tex.	Dinnerhouse	TGI Friday's Inc.	Dec.	373.8	333.5	278.9	0.25
43	45	**Sky Chefs**	Arlington, Tex.	Contract	AMR Corp.	Dec.	365.3	332.3	294.4	0.24
44	42	**Carl's Jr.**	Anaheim, Calif.	Burger	Carl Karcher Enterprises Inc.	Jan.	358.7	335.2	289.8	0.24
45	47	**Popeyes**	Jefferson, La.	Chicken	A. Copeland Enterprises Inc.	Dec.	353.0	303.0	230.0	0.23
46	57	**El Torito**[8]	Irvine, Calif.	Dinnerhouse	El Torito Restaurants Inc.	Dec.	332.6	250.1	210.7	0.22
47	54	**Rax**	Columbus, Ohio	Roast Beef	Rax Restaurants Inc.	July	329.4	270.0	216.4	0.22
48	40	**Godfather's**[9]	Omaha, Neb.	Pizza	Pillsbury Co.	Dec.	324.0	345.0	350.0	0.21
49	41	**ShowBiz/Chuck E. Cheese's**[10]	Dallas, Tex.	Pizza	Brock Hotel Corp.	Dec.	320.0	340.0	377.0	0.21
50	50	**Ogden**[11]	New York, N.Y.	Contract	Ogden Corp.	Dec.	312.5	279.0	225.0	0.21
51	62	**Little Caesar**	Farmington Hills, Mich.	Pizza	Little Caesar Enterprises Inc.	Dec.	310.0	227.0	175.0	0.20

EXPLANATION OF COLUMN HEADINGS

Rank: 1985 Rank is based on Current Fiscal Year Systemwide Sales. Data for Last Full Fiscal Year, which yields the 1984 Rank, has been revised. So this year's 1984 rankings are not comparable to the rankings appearing in the *Nation's Restaurant News* of Aug. 13, 1984.

Chain: The name of the restaurant, hotel, or contract-feeding division as it appears on publicly visible signage, logos and trademarks.

Chain Headquarters: The location of the central operating offices of the Chain, which sometimes differs from the location of the central offices of a Chain's Parent Company.

Concept: Chains are classified based on their popular perception, best-selling entree, or market positioning. Abbreviations: Fam. Rest. is family restaurant or coffee shop; Fam. Steak. is family steakhouse or budget steakhouse.

Parent Company: The owner of the Chain's trademarks, copyrights, or licensing rights. Often the franchisor.

Fiscal Year Ends: The month in which the fiscal year terminates, often correlating to that of the Parent Company.

Systemwide Sales: Net sales at all units operating under the Chain name. Includes both company-owned and franchised units. Excludes franchise fees, interest income, manufacturing and distribution sales, and other revenue not directly resulting from food and beverage sales to the public.

Current Fiscal Year: The 12-month accounting period which is under way as of Aug. 12, 1985. Most often it is calendar year 1985.

Last Full Fiscal Year: The fiscal year most recently completed prior to Aug. 12, 1985. Most often it is calendar 1984.

Previous Fiscal Year: The year before the Last Full Fiscal Year. Most often, calendar 1983.

Market Share: The Current Fiscal Year's Systemwide Sales expressed as a percentage of the nation's total commercial food-service sales in calendar 1985, which *NRN* estimates at $151,508,100,000.

FOOTNOTES

[1] Excludes about 700 units operating in Canada that are not licensed by KFC Corp.

[2] DHI Corp. was formerly Denny's Inc. until a management buyout in January. Estimates are based on the prospectus at the time, which does not reflect a new franchising program, possible sale or purchase of assets or the effect of the leveraged buyout.

[3] Includes fewer than 20 Casa Lupita restaurants that have no material effect on the results.

TOP 100 CHAINS: Ranked by Systemwide Food-Service Sales

Rank		Chain	Chain Headquarters	Concept	Parent Company	Fiscal Year Ends	Systemwide Sales (By Fiscal Year, in Millions)			Market Share
1985	1984						Current	Last Full	Previous	
52	51	**Stuart Anderson's**	Menlo Park, Calif.	Dinnerhouse	Saga Corp.	June	$ 303.7	$ 276.7	$ 254.2	0.20%
53	48	**Sonic Drive-In**	Oklahoma City, Okla.	Burger	Sonic Industries Inc.	Aug.	302.5	283.1	262.0	0.20
54	53	**Morrison's**	Mobile, Ala.	Cafeteria	Morrison Inc.	June	290.0	275.0	274.0	0.19
55	52	**Steak and Ale**	Dallas, Tex.	Dinnerhouse	Pillsbury Inc.	May	288.3	275.0	264.2	0.19
56	61	**White Castle**	Columbus, Ohio	Burger	White Castle Systems Inc.	Dec.	286.0	229.0	210.0	0.19
57	49	**Perkins**[12]	Memphis, Tenn.	Fam.Rest.	Perkins Restaurants Inc.	Dec.	285.0	283.0	270.0	0.19
58	69	**Golden Corral**	Raleigh, N.C.	Fam. Steak.	Investors Management Corp.	Dec.	275.0	205.0	172.0	0.18
59	59	**Captain D's**	Nashville, Tenn.	Fish	Shoney's Inc.	Oct.	272.0	236.1	216.7	0.18
60	56	**Pizza Inn**[13]	Dallas, Tex.	Pizza	Pizza Inn Inc.	Dec.	270.0	252.0	237.0	0.18
61	65	**Quality Inn**	Silver Spring, Md.	Hotel	Manor Care Inc.	May	270.0	212.2	200.0	0.18
62	58	**Ground Round**	North Quincy, Mass.	Dinnerhouse	Imperial Group PLC.	Dec.	257.1	240.4	228.4	0.18
63	55	**Ramada Inn**	Phoenix, Ariz.	Hotel	Ramada Inns Inc.	Jan.	257.4	253.1	250.0	0.17
64	78	**Bojangles'**	Charlotte, N.C.	Chicken	Horn & Hardart Co.	Dec.	250.0	175.0	129.0	0.17
65	67	**Greyhound Food Mgt.**[14]	Phoenix, Ariz.	Contract	Greyhound Corp.	Dec.	247.8	210.0	190.0	0.16
66	60	**Int'l House of Pancakes**	North Hollywood, Calif.	Fam. Rest.	IHOP Corp.	Dec.	241.0	230.5	214.3	0.16
67	63	**Disneyland/Disney World**	Burbank, Calif.	Theme Park	Walt Disney Productions Inc.	Sept.	240.0	223.8	224.5	0.16
68	68	**Whataburger**	Corpus Christi, Tex.	Burger	Whataburger Inc.	Sept.	226.0	210.0	175.0	0.15
69	64	**Furr's**	Lubbock, Tex.	Cafeteria	K mart Corp.	Dec.	225.1	215.0	205.0	0.15
70	70	**Delaware North**	Buffalo, N.Y.	Contract	Delaware North Cos. Inc.	Dec.	225.0	200.0	175.0	0.15
71	85	**Po Folks**	Nashville, Tenn.	Fam. Rest.	Po Folks Inc.	Sept.	222.0	159.4	90.0	0.15
72	66	**Shakey's**	Irving, Tex.	Pizza	Shakey's Inc.	Sept.	218.0	211.0	210.0	0.14
73	80	**Grandy's**	Lewisville, Tex.	Chicken	Saga Corp.	June	210.1	172.2	99.9	0.14
74	75	**Piccadilly**	Baton Rouge, La.	Cafeteria	Piccadilly Cafeterias Inc.	June	210.0	185.0	174.0	0.14
75	79	**Quincy's**	Spartanburg, S.C.	Fam. Steak.	Transworld Corp.	Dec.	209.9	174.9	138.3	0.14
76	71	**Wyatt**	Dallas, Tex.	Cafeteria	Wyatt Cafeterias Inc.	Dec.	200.0	192.0	175.0	0.13
77	81	**Luby's**	San Antonio, Tex.	Cafeteria	Luby's Cafeterias Inc.	Aug.	198.1	170.8	140.0	0.13
78	72	**Carvel**	Yonkers, N.Y.	Ice Cream	Carvel Corp.	Dec.	198.0	190.3	182.9	0.13
79	74	**Western Steer**[15]	Claremont, N.C.	Fam. Steak.	Western Steer-Mom 'n' Pop's Inc.	Feb.	196.6	187.3	179.0	0.13
80	73	**Hyatt Hotel**[16]	Rosemont, Ill.	Hotel	Hyatt Hotel Corp.	Dec.	195.0	187.5	180.0	0.13
81	77	**Custom Management**	Kingston, Pa.	Contract	Custom Management Corp.	June	192.5	175.0	175.0	0.13
82	86	**Village Inn**	Denver, Colo.	Fam. Rest.	Vicorp Restaurants Inc.	Oct.	189.6	157.3	143.0	0.12
83	94	**Del Taco**[17]	Dallas, Tex.	Taco	W. R. Grace & Co. Inc .	Dec.	186.5	148.5	126.6	0.12
84	84	**Round Table Pizza**	San Francisco. Calif.	Pizza	Round Table Franchise Corp.	Dec.	185.1	162.0	134.2	0.12
85	76	**Winchell's**	La Mirada, Calif.	Doughnut	DHI Corp.	June	185.0	183.0	182.1	0.12
86	82	**Marie Callender's**	Long Beach, Calif.	Fam. Rest.	Marie Callender Pie Shops Inc.	Dec.	175.7	165.0	155.0	0.12
87	83	**Krystal**	Chattanooga, Tenn.	Burger	Krystal Co.	Dec.	172.0	162.0	150.0	0.11
88	88	**A&W**	Dearborn, Mich.	Burger	A&W Restaurants Inc.	Dec.	170.0	155.0	164.0	0.11
89	92	**Country Kitchen**	Minneapolis, Minn.	Fam. Rest	Carlson Cos.	Dec.	165.0	150.0	130.0	0.11
90	96	**Seiler**	Waltham, Mass.	Contract	Sodexho S.A.	Aug.	164.1	147.9	126.6	0.11
91	90	**Waffle House**	Norcross, Ga.	Fam. Rest.	Waffle Houses Inc.	Dec.	163.8	152.1	140.0	0.11
92	93	**Szabo**	Oak Brook, Ill.	Contract	Oak Brook Consolidated Inc.	Sept.	161.6	149.5	138.3	0.11
93	89	**Chick-fil-A**	Atlanta, Ga.	Chicken	Chick-fil-A Inc.	Dec.	160.0	153.0	134.6	0.11
94	91	**Tastee Freeze**	Utica, Mich.	Ice Cream	Tastee Freeze Int'l Inc.	Dec.	156.1	151.0	146.0	0.10
95	87	**F. W. Woolworth**	New York, N.Y.	In-store	F. W. Woolowrth & Co. Inc.	Jan.	155.0	155.0	155.0	0.10
96	99	**Mister Donut**	Minneapolis, Minn.	Doughnut	International Multifoods Corp.	Feb.	151.1	134.5	116.4	0.10
97	95	**Mr. Steak**	Denver, Colo.	Fam. Steak.	Mr. Steak Inc.	Dec.	147.0	148.0	170.0	0.10
98	100	**Naugles**	Fullerton, Calif.	Taco	Naugles Inc.	June	144.8	127.3	119.5	0.10
99	97	**York Steak House**	Columbus, Ohio	Fam. Steak.	General Mills Inc.	May	142.9	141.9	139.8	0.09
100	98	**Brown Derby**	Cleveland, Ohio	Dinnerhouse	Brown Derby Inc.	Dec.	142.0	140.0	139.0	0.09
TOTAL Top 100 Chains							$67,023.1	$58,125.1	$51,768.1	44.24%

[4] Includes 42 G. W. Jr's, a fast-service burger chain, 14 Jeeper's, a gourmet hamburger chain and one Catfish Crossing, all of which do not materially effect the results.

[5] Assumes that fast-food sales are 11% of total merchandise revenue.

[6] Acquired 80 Rustler steakhouses from Tenly Enterprises Inc. in 1985. Figures reflect conversion of 15-20 of these units to Sizzlers.

[7] Current fiscal year ends September 1986. Figures include nine Culpepper's units that have no material effect on the results.

[8] Includes all Mexican dinnerhouses, the majority of which are El Torito. El Torito Restaurants Inc. is 72.9% owned by W. R. Grace & Co. Inc.

[9] Recently acquired by Pillsbury Co., whose fiscal year ends in May. Former parent Diversifoods' fiscal year ends in December.

[10] Parent Brock Hotel Corp. is merging its Show-Biz Pizza Place chain with Chuck E. Cheese's Pizza Time Theater, which it acquired.

[11] Excludes movie theater concession stands.

[12] Company is 20% owned by Holiday Corp.

[13] Includes about 10 J. T. McCord's gourmet hamburger restaurants that do not materially effect the results.

[14] Excludes vending, nonterminal restaurants, international.

[15] Includes about 18 other restaurants of various concepts that have no material effect on the results.

[16] Includes co-owned and managed properties.

[17] Reflects the acquisition of Taco Villa by W. R. Grace & Co. and the partial conversion of that chain.

Source: *NRN* research

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TOP 100 COMPANIES: Ranked by Food-Service Revenue

Rank		Company	Company Headquarters	Key Concepts	Fiscal Year Ends	Revenue (By Fiscal Year, in Millions)			Market Share
1985	1984					Current	Last Full	Previous	
1	1	McDonald's Corp.	Oak Brook, Ill.	McDonald's	Dec.	$ 3,700.0	$ 3,400.00	$ 3,000.0	2.44%
2	2	Marriott Corp.[1]	Bethesda, Md.	Hotels, Contract, Big Boy, Roy Rogers	Dec.	3,392.2	2,458.0	2,127.2	2.24
3	3	Pillsbury Co.[2]	Minneapolis, Minn.	Burger King, Godfather's, Bennigan's	May	3,056.5	2,095.0	1,768.7	2.02
4	4	PepsiCo Inc.	Purchase, N.Y.	Pizza Hut, Taco Bell, Boulangerie	Dec.	2,115.0	1,833.5	1,529.4	1.40
5	5	DHI Corp.[3]	La Mirada, Calif.	Denny's, Winchell's, El Pollo Loco	June	1,698.9	1,451.1	1,216.0	1.12
6	7	Saga Corp.	Menlo Park, Calif.	Contract, Stuart Anderson, Straw Hat, Grandy's	June	1,504.5	1,289.9	1,131.0	0.99
7	8	ARA Holding Co.[4]	Philadelphia, Pa.	Contract	Dec.	1,312.7	1,243.1	1,172.3	0.87
8	9	Transworld Corp.[5]	New York, N.Y.	Canteen, Hilton, Spartan Foods	Dec.	1,253.7	1,149.2	1,027.0	0.83
9	6	R. J. Reynolds Industries Inc.	Winston-Salem, N.C.	Kentucky Fried Chicken	Dec.	1,240.0	1,338.0	950.0	0.82
10	12	Wendy's International Inc.	Dublin, Ohio	Wendy's, Sisters	Dec.	1,200.0	944.8	720.4	0.79
11	10	General Mills Inc.[6]	Minneapolis, Minn.	Red Lobster, York, Olive Garden	May	1,125.8	1,140.0	1,079.7	0.74
12	11	Imasco Ltd.	Montreal, Canada	Hardee's, Casa Grisanti	March	1,100.0	1,000.0	915.0	0.73
13	27	Allegheny Beverage Corp.	Cheverly, Md.	Service America Corp.	March	770.0	332.3	237.6	0.51
14	14	Ralston Purina Co.[7]	St. Louis, Mo.	Jack-in-the-Box	Sept.	674.2	628.0	669.3	0.44
15	13	K mart Corp.	Troy, Mich.	In-Store, Furr's, Bishop's Buffet	Jan.	670.0	638.0	606.0	0.44
16	18	W. R. Grace & Co. Inc.[8]	New York, N.Y.	Del Taco, Cocos, Carrows, Houlihan's	Dec.	665.9	521.0	503.3	0.44
17	19	Jerrico Inc.	Lexington, Ky.	Long John Silver's, Jerry's	June	582.0	519.2	496.5	0.38
18	15	Church's Fried Chicken Inc.	San Antonio, Tex.	Church's, G.W. Jr.'s, Jeeper's	Dec.	575.0	545.0	464.0	0.38
19	17	Southland Corp.	Dallas, Tex.	7-Eleven	Dec.	570.0	528.0	486.0	0.38
20	22	Shoney's Inc.	Nashville, Tenn.	Shoney's, Captain D's, Lee's	Oct.	570.0	477.0	397.8	0.38
21	20	Ponderosa Inc.	Dayton, Ohio	Ponderosa, Casa Lupita	Feb.	563.3	513.3	429.1	0.37
22	16	Imperial Group PLC.[9]	London, England	HoJo's, Ground Round	Oct.	555.9	530.4	526.5	0.37
23	21	Morrison Inc.	Mobile, Ala.	Morrison, Ruby Tuesday, Contract	June	520.0	484.0	470.0	0.34
24	30	Domino's Inc.	Ann Arbor, Mich.	Domino's	Dec.	500.0	320.0	191.0	0.33
25	23	Carson Pirie Scott & Co.	Chicago, Ill.	Dobbs, Steak n Egg, In-store	Feb.	470.0	437.0	410.0	0.31
26	25	UAL Inc.[10]	Elk Grove, Ill.	Westin	Dec.	466.0	411.0	350.0	0.31
27	24	Hershey Foods Corp.	Hershey, Pa.	Friendly Ice Cream	Dec.	462.4	421.1	383.5	0.31
28	36	Vicorp Restaurants Inc.	Denver, Colo.	Village Inn, Bakers Square, Sambo's	Oct.	410.0	242.3	95.6	0.27
29	26	Holiday Corp.[11]	Memphis, Tenn.	Holiday Inns, Harrah's	Dec.	402.7	406.7	388.9	0.27
30	28	AMR Corp.	Fort Worth, Tex.	Contract	Dec.	372.2	322.3	292.4	0.25
31	29	Carl Karcher Enterprises Inc.	Anaheim, Calif.	Carl's Jr.	Jan.	356.3	321.1	289.8	0.24
32	31	Collins Foods International	Los Angeles, Calif.	Sizzler, Kentucky Fried Chicken	April	350.0	305.4	259.1	0.23
33	33	T.G.I. Friday's Inc.[12]	Dallas, Tex.	T.G.I. Friday's, Dalt's	Dec.	345.4	285.0	229.5	0.23
34	32	ITT Corp.	Boston, Mass.	Sheraton Hotels	Dec.	345.0	299.0	271.0	0.23
35	35	El Torito Restaurants Inc.[13]	Irvine, Calif.	El Torito, Tequila Willie's	Dec.	332.6	250.1	210.7	0.22
36	34	Ogden Corp.	New York, N.Y.	Contract	Dec.	312.5	279.0	225.0	0.21
37	40	Investors Management Corp.	Raleigh, N.C.	Golden Corral, Oh!Brian's	Dec.	308.6	228.8	182.4	0.20
38	39	White Castle Systems Inc.	Columbus, Ohio	White Castle	Dec.	286.0	229.0	210.0	0.19
39	37	Greyhound Corp.[14]	Phoenix, Ariz.	Contract, Burger King	Dec.	277.0	235.0	213.0	0.18
40	42	Chi-Chi's Inc.	Louisville, Ky.	Chi-Chi's	April	267.2	205.7	161.7	0.18
41	38	Boddie-Noell Enterprises Inc.	Rocky Mount, N.C.	Hardee's	Sept.	250.0	232.0	210.0	0.17
42	41	Walt Disney Productions	Burbank, Calif.	Theme Parks	Sept.	240.0	223.8	224.5	0.16
43	43	Delaware North Cos.	Buffalo, N.Y.	Sportservice, Air Terminal, Oceanic Butler	Dec.	225.0	200.0	175.0	0.15
44	48	Piccadilly Cafeterias Inc.	Baton Rouge, La.	Picadilly	June	210.0	185.0	174.0	0.14
45	47	Pizza Inn Inc.	Dallas, Tex.	Pizza Inn, J. T. McCord's	Dec.	204.0	185.0	149.0	0.13
46	44	Riese Organization	New York, N.Y.	Arby's, Roy Rogers, Brew Burger, El Torito	Dec.	200.0	200.0	170.0	0.13
47	45	Wyatt Cafeterias Inc.	Dallas, Tex.	Wyatt	Dec.	200.0	192.0	175.0	0.13
48	51	Luby's Cafeterias Inc.	San Antonio, Tex.	Luby's	Aug.	200.0	174.8	144.0	0.13
49	46	Hyatt Hotels Corp.	Rosemont, Ill.	Hyatt Hotels	Jan.	195.0	187.5	180.0	0.13
50	71	Brock Hotel Corp.	Dallas, Tex.	ShowBiz Pizza, Chuck E. Cheese, Hotels	Jan.	194.7	120.3	145.1	0.13
51	49	Custom Management Corp.	Kingston, Pa.	Contract	June	192.5	175.0	190.1	0.13

EXPLANATION OF COLUMN HEADINGS

Rank: 1985 Rank is based on Current Fiscal Year Revenue. Data for Last Full Fiscal Year, which yields the 1984 Rank, has been revised. So this year's 1984 rankings are not comparable to the rankings appearing in the *Nation's Restaurant News* of Aug. 13, 1984.

Company: The name of the corporate entity which receives food-service revenue. Publicly traded subsidiaries of parent companies are listed individually.

Company Headquarters: The location of the central offices of the Company, which sometimes differs from the location of the central offices of a Company's Key Concepts.

Key Concepts: The name of the Chain or the type of food-service activity which produces the largest food-service revenues for the Company.

Fiscal Year Ends: The month in which the fiscal year terminates, often correlating to that of the Company's Key Concepts.

Revenue: Derived from food-service activities only. Includes sales from company-owned facilities, franchise and technical assistance income, gains and losses from asset divestitures and acquisitions routinely encountered in the operation of a food-service business, and interest income to finance working capital needs or expansion. Excludes manufacturing, wholesale and distribution revenue and sales generated at franchised facilities.

Current Fiscal Year: The 12-month accounting period which is under way as of Aug. 12, 1985. Most often it is calendar year 1985.

Last Full Fiscal Year: The fiscal year most recently completed prior to Aug. 12, 1985. Most often it is calendar 1984.

Previous Fiscal Year: The year before the Last Full Fiscal Year. Most often, calendar 1983.

Market Share: The Current Fiscal Year's Food-Service Revenue expressed as a percentage of the nation's total commercial food-service sales in calendar 1985, which *NRN* estimates at $151,508,100,000.

Source: All data has been developed by *NRN*, which is solely responsible for all estimates, projections and analyses.

FOOTNOTES

[1] Includes effect of Service Systems Inc., Gladieux Corp. and Star Catering acquisitions. Excludes minority stake in Farrell's Ice Cream Parlours.

[2] Includes acquisition of Diversifoods Inc. Excludes possible divestitures of any Diversifoods operations.

TOP 100 COMPANIES: Ranked by Food-Service Revenue

Rank 1985	Rank 1984	Company	Company Headquarters	Key Concepts	Fiscal Year Ends	Revenue (By Fiscal Year, in Millions) Current	Last Full	Previous	Market Share
52	50	**Specialty Restaurants Corp.**	Long Beach, Calif.	94th Aero Squadron, Baby Doe's	June	**$ 191.9**	$ 175.0	$ 147.8	0.13%
53	53	**Hilton Hotels Corp.**[15]	Beverly Hills, Calif.	Hilton Hotels	Dec.	**178.2**	167.5	174.2	0.12
54	52	**Shoney's South Inc.**	Memphis, Tenn.	Shoney's, Captain D's	Dec.	**175.0**	168.6	143.1	0.12
55	55	**Whataburger Inc.**	Corpus Christi, Tex.	Whataburger	Sept.	**172.2**	160.0	133.3	0.11
56	54	**Krystal Co.**[16]	Chattanooga, Tenn.	Krystal	Dec.	**172.0**	162.0	150.0	0.11
57	65	**Horn & Hardart Co.**[17]	New York, N.Y.	Bojangles', Burger King, Arby's	Dec.	**170.0**	135.9	122.2	0.11
58	63	**Bob Evans Farms Inc.**	Columbus, Ohio	Bob Evans Farms	April	**168.0**	139.9	120.1	0.11
59	61	**Carrols Corp.**	Syracuse, N.Y.	Burger King, Jo-Ann's Nut House	May	**164.3**	146.0	123.1	0.11
60	60	**Sodexho S.A.**[18]	Paris, France	Seiler's	Aug.	**164.1**	147.9	126.6	0.11
61	59	**Oak Brook Consolidated Inc.**	Oak Brook, Ill.	Szabo	Sept.	**161.6**	149.5	138.3	0.11
62	57	**Chick-Fil-A**	Atlanta, Ga.	Chick-fil-A	Dec.	**160.0**	153.0	134.0	0.11
63	70	**Elias Brothers Restaurants Inc.**	Warren, Mich.	Big Boy	Dec.	**160.0**	121.0	108.0	0.11
64	58	**Harman Management Corp.**	Los Altos, Calif.	KFC, H. Salt Esq. Fish & Chips	June	**159.9**	149.5	135.0	0.11
65	56	**F. W. Woolworth & Co. Inc.**	New York, N.Y.	In-Store, Burger King	Jan.	**155.0**	155.0	155.0	0.10
66	64	**Nestle S.A.**	Vevey, Switzerland	Stouffer, Cheese Cellar, James Tavern	Dec.	**150.0**	136.0	285.0	0.10
67	81	**Restaurant Assoc. Inds. Inc.**[19]	New York, N.Y.	Acapulco, Charlie Brown's, Mama Leone's	Dec.	**147.8**	94.2	84.6	0.10
68	76	**Po Folks Inc.**[20]	Nashville, Tenn.	Wendy's, Po Folks	Sept.	**145.0**	107.1	69.8	0.10
69	62	**Brown Derby Inc.**	Cleveland, Ohio	Brown Derby	Dec.	**142.0**	140.0	139.0	0.09
70	67	**International Dairy Queen Inc.**	Minneapolis, Minn.	Dairy Queen, Golden Skillet	Nov.	**142.0**	132.3	116.7	0.09
71	66	**Frisch's Restaurants Inc.**	Cincinnati, Ohio	Big Boy, Roy Rogers	June	**139.0**	132.7	125.6	0.09
72	69	**Naugles Inc.**	Fullerton, Calif.	Naugles	June	**138.1**	123.3	114.8	0.09
73	78	**Carlson Cos.**[21]	Minneapolis, Minn.	Country Kitchen, Radisson Hotels	Dec.	**134.5**	105.0	70.5	0.09
74	68	**Hanson Trust PLC.**	London, England	Interstate United	Sept.	**131.3**	125.0	119.0	0.09
75	74	**Rax Restaurants Inc.**	Columbus, Ohio	Rax	July	**129.4**	111.0	92.8	0.09
76	72	**Royal Crown Cos.**	Atlanta, Ga.	Arby's	Dec.	**126.4**	116.4	100.6	0.08
77	73	**Braum Ice Cream Stores Inc.**	Oklahoma City, Okla.	Braum Ice Cream	Dec.	**122.5**	112.0	90.0	0.08
78	75	**Winners Corp.**	Brentwood, Tenn.	Mrs. Winners, Wendy's	Dec.	**120.0**	108.0	88.7	0.08
79	86	**Circle K Corp.**	Phoenix, Ariz.	Circle K	April	**120.0**	90.0	51.7	0.08
80	84	**El Chico Corp.**	Dallas, Tex.	El Chico, Cactus	June	**113.1**	92.2	77.1	0.07
81	83	**Consul Restaurants Corp.**	Minneapolis, Minn.	Chi-Chi's	May	**112.8**	92.4	63.7	0.07
82	79	**Del Taco Inc.**	Costa Mesa, Calif.	Del Taco	Dec.	**112.7**	103.4	95.0	0.07
83	80	**Little Caesar Inc.**	Farmington Hills, Mich.	Little Caesar Pizza, Wendy's	Dec.	**110.0**	96.1	77.8	0.07
84	98	**Consolidated Products Inc.**[22]	Indianapolis, Ind.	Steak n Shake, Big Wheel	Sept.	**107.7**	68.7	64.5	0.07
85	87	**RTM Inc.**	Tucker, Ga.	Arby's	May	**105.0**	90.0	65.0	0.07
86	88	**International King's Table Inc.**	Eugene, Ore.	King's Table, Royal Fork	June	**105.0**	85.0	78.2	0.07
87	77	**Perkins Restaurants Inc.**[23]	Memphis, Tenn.	Perkins	Dec.	**103.6**	107.0	105.8	0.07
88	85	**Dunkin' Donuts Inc.**	Randolph, Mass.	Dunkin' Donuts	Oct.	**95.0**	90.3	81.6	0.06
89	99	**JB's Restaurants Inc.**	Salt Lake City, Utah	Big Boy	Sept.	**95.0**	68.3	53.4	0.06
90	90	**Marie Callender Pie Shops Inc.**	Long Beach, Calif.	Marie Callender's	Dec.	**91.8**	83.5	76.0	0.06
91	93	**Papa Gino's of America Inc.**	Dedham, Mass.	Papa Gino's	Sept.	**91.0**	77.5	65.0	0.06
92	92	**Sara Lee Corp.**	Chicago, Ill.	Lyon's Restaurants	June	**88.0**	78.0	72.0	0.06
93	82	**Victoria Station Inc.**	Larkspur, Calif.	Victoria Station, Bonkers	March	**86.7**	93.8	101.5	0.06
94	91	**IHOP Corp.**	North Hollywood, Calif.	Int'l House of Pancakes	Dec.	**84.0**	82.0	82.1	0.06
95	89	**Associated Hosts Inc.**	Beverly Hills, Calif.	Smuggler's Inn, Bombay Bicycle Club	Sept.	**81.8**	84.0	77.8	0.05
96	96	**Servico Inc.**	West Palm Beach, Fla.	Holiday Inn, Royce	Dec.	**76.0**	71.0	59.0	0.05
97	94	**Lifestyle Restaurants Inc.**	New York, N.Y.	Beefsteak Charlie's, Daly's Dandelion	Nov.	**75.0**	72.0	77.6	0.05
98	95	**Waffle Houses Inc.**	Norcross, Ga.	Waffle House	Dec.	**73.7**	71.5	65.8	0.05
99	97	**Marcus Corp.**	Milwaukee, Wis.	Big Boy, Roy Rogers, KFC	May	**73.1**	69.6	69.1	0.05
100	—	**Sea Galley Stores Inc.**	Mountlake Terr., Wash.	Sea Galley	Dec.	**71.8**	66.2	70.4	0.05
TOTAL: Top 100 Companies						**$44,183.7**	**$37,838.9**	**$33,261.0**	**29.16%**

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[3] Formerly Denny's Inc. Company went private through a management buyout in January. Estimates are based on prospectus at the time, which does not reflect a new franchising program, possible sale or purchase of assets or the effect of the leveraged buyout.

[4] ARA Services Inc. became ARA Holding Co. after a management buyout.

[5] Excludes vending-machine sales at Canteen and room sales at Hilton International.

[6] Includes effect of possible sale of Darryl's, Good Earth and Casa Gallardo chains.

[7] The company has said it is seeking a buyer for Jack in the Box, in which case it would have no food-service revenue.

[8] Excludes El Torito Restaurants Inc., a 72.9% owned subsidiary. Also excludes effect of expected acquisition of 27 Darryl's and 25 Casa Gallardo restaurants from General Mills Inc.

[9] Excludes non-U.S. operations.

[10] Excludes in-flight feeding to United Airlines, a subsidiary.

[11] Formerly Holiday Inns Inc. Excludes Perkins Restaurants Inc. in current fiscal year, of which Holiday sold 80%.

[12] Company is 20% owned by Carlson Cos.

[13] Company is 72.9% owned by W. R. Grace & Co. Inc.

[14] Excludes foreign operations.

[15] Not to be confused with the subsidiary of Transworld Corp. which operates Hilton Hotels in foreign nations.

[16] Excludes Po Folks Inc., which is 45% owned by Krystal Co.

[17] Excludes possible effect of legal battle with Pillsbury Co. concerning Diversifoods Inc.

[18] Excludes off-shore contracts.

[19] Includes effect of the acquisition of the 60.6% of Acapulco Restaurants Inc. that company did not already own.

[20] Company is 45% owned by Krystal Co.

[21] Excludes T.G.I. Friday's, 20%-owned subsidiary.

[22] Includes effect of acquiring Sweeney's Specialty Restaurants Corp.

[23] Company is 20% owned by Holiday Corp.

Source: *NRN* research

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TOP 100 CHAINS:

Ranked by Number of units

Top 100 Rank		Chain	Fiscal Year Ends	Number of Units (By Fiscal Year)		
1985	1984			Current	Last Full	Previous
1	1	McDonald's	Dec.	8,854	8,304	7,778
2	2	7-Eleven	Dec.	7,550	7,299	6,962
3	3	Kentucky Fried Chicken	Dec.	6,540	6,175	5,775
4	5	Pizza Hut	Dec.	4,837	4,593	4,300
5	4	Dairy Queen	Nov.	4,800	4,789	4,784
6	6	Burger King	May	4,623	4,225	3,827
7	7	Wendy's	Dec.	3,352	2,992	2,673
8	11	Domino's	Dec.	2,800	1,865	1,180
9	8	ARA Services	Dec.	2,700	2,626	2,547
10	10	Hardee's	March	2,636	2,358	2,083
11	9	Baskin-Robbins	Dec.	2,565	2,500	2,339
12	12	Taco Bell	Dec.	2,090	1,833	1,660
13	14	Holiday Inn	Dec.	1,757	1,696	1,707
14	13	K mart	Jan.	1,723	1,800	1,850
15	15	Church's	Dec.	1,600	1,497	1,480
16	18	Arby's	Dec.	1,470	1,343	1,254
17	16	Long John Silver's	June	1,465	1,375	1,355
18	17	Dunkin' Donuts	Oct.	1,418	1,359	1,291
19	44	Marriott Food Service Mgt.	Dec.	1,400	491	466
20	19	Denny's	June	1,239	1,140	1,038
21	42	Service America	March	1,200	518	207
22	20	Canteen	Dec.	1,140	1,020	950
23	22	Big Boy	Dec.	1,018	925	1,250
24	34	Little Caesar	Dec.	1,000	645	464
25	21	Sonic Drive-In	Aug.	972	968	975
26	23	Saga	June	928	904	856
27	24	Godfather's	Dec.	865	895	887
28	25	Winchell's	June	860	866	865
29	27	Carvel	Dec.	860	842	828
30	26	F. W. Woolworth	Jan.	858	859	860
31	28	Jack-in-the-Box	Sept.	795	788	774
32	29	Friendly Ice Cream	Dec.	750	710	669
33	39	Quality Inn	May	741	555	539
34	33	Mister Donut	Feb.	737	656	576
35	30	Pizza Inn	Dec.	725	706	710
36	32	Ponderosa	Feb.	670	656	640
37	43	Western Sizzlin'	Oct.	640	510	475
38	37	Bonanza	Sept.	620	575	550
39	31	A&W	Dec.	612	704	754
40	35	Howard Johnson's Rest.	Oct.	612	600	811
41	36	Tastee Freeze	Dec.	595	598	620
42	48	Rax	July	580	457	346
43	40	Roy Rogers	Dec.	575	537	504
44	41	Waffle House	Dec.	567	523	486
45	38	Ramada Inn	Jan.	564	571	593
46	51	Popeyes	Dec.	540	437	390
47	46	Sizzler	April	515	465	451
48	45	Sheraton	Dec.	500	473	453
49	49	Captain D's	Oct.	500	456	426
50	52	Shoney's	Oct.	498	433	390
51	54	Round Table Pizza	Dec.	490	430	400
52	47	Int'l House of Pancakes	Dec.	464	459	458
53	53	Carl's Jr.	Jan.	455	433	379
54	58	Golden Corral	Dec.	436	346	286
55	50	Shakey's	Sept.	420	450	453
56	59	Bojangles'	Dec.	400	320	215
57	57	Red Lobster	May	395	370	367
58	56	Whataburger	Sept.	390	380	330
59	55	ShowBiz/Chuck E. Cheese's	Dec.	357	402	479
60	60	Greyhound Food Mgt.	Dec.	350	315	310
61	63	Del Taco	Dec.	330	275	280
62	62	Chick-fil-A	Dec.	325	305	280
63	61	Perkins	Dec.	312	312	309
64	77	Village Inn	Oct.	275	200	182
65	65	Custom Management	June	268	250	243
66	66	Krystal	Dec.	263	248	234
67	68	Country Kitchen	Dec.	260	242	268
68	64	Hilton	Dec.	258	253	246
69	67	Szabo	Sept.	255	244	233
70	69	Delaware North	Dec.	250	234	217
71	71	Naugles	June	248	225	201
72	70	Ogden	Dec.	244	230	202
73	76	Seiler	Aug.	235	200	180
74	82	Chi-Chi's	April	225	173	136
75	79	White Castle	Dec.	220	190	176
76	78	Quincy's	Dec.	218	198	163
77	75	Western Steer	Feb.	217	205	177
78	72	Mr. Steak	Dec.	215	217	248
79	74	Disneyland/Disney World	Sept.	212	210	210
80	73	Ground Round	Dec.	210	215	225
81	81	Bennigan's	May	202	177	148
82	83	Grandy's	June	187	147	97
83	80	Steak and Ale	May	186	181	178
84	86	Po Folks	Sept.	165	132	82
85	88	El Torito	Dec.	165	125	114
86	84	Morrison's	June	155	147	153
87	85	Marriott Hotel	Dec.	143	143	130
88	90	Furr's	Dec.	134	123	117
89	89	Dobbs	Feb.	134	123	114
90	92	Stuart Anderson's	June	129	119	109
91	87	York Steak House	May	127	129	130
92	93	Marie Callender's	Dec.	125	112	101
93	91	Wyatt	Dec.	123	120	117
94	94	T.G.I. Friday's	Dec.	115	102	83
95	95	Piccadilly	June	110	100	93
96	96	Luby's	Aug.	85	77	70
97	97	Hyatt Hotel	Dec.	78	75	72
98	98	Sky Chefs	Dec.	67	61	54
99	99	Brown Derby	Dec.	59	52	59
100	100	Westin	Dec.	52	51	46
TOTAL Top 100 Chains				99,194	90,939	85,802

Source: *NRN* research

Units: Individual restaurants, hotel properties or contract-feeding accounts. The Number of Units table was extracted exclusively from the Top 100 Chains Ranked by Systemwide Sales table, where additional explanations and footnotes can be found.

TOP 100 CHAINS:

Ranked by Sales Per Unit

Top 100 Rank		Chain	Fiscal Year Ends	Sales Per Unit (By Fiscal Year, in Thousands)		
1985	1984			Current	Last Full	Previous
1	1	Westin	Dec.	$9,000.0	$8,700.0	$7,600.0
2	2	Sky Chefs	Dec.	5,450.0	5,450.0	5,410.0
3	3	Marriott Hotel	Dec.	5,200.0	5,100.0	4,900.0
4	5	Hilton	Dec.	3,800.0	3,200.0	2,900.0
5	4	T.G.I. Friday's	Dec.	3,250.0	3,270.0	3,360.0
6	7	Hyatt Hotel	Dec.	3,200.0	3,000.0	3,000.0
7	6	Dobbs	Feb.	2,990.0	3,000.0	3,020.0
8	9	Stuart Anderson's	June	2,700.0	2,500.0	2,500.0
9	8	Brown Derby	Dec.	2,540.0	2,520.0	2,370.0
10	10	Luby's	Aug.	2,450.0	2,390.0	2,350.0
11	11	Sheraton	Dec.	2,400.0	2,300.0	2,200.0
12	14	Red Lobster	May	2,380.0	2,235.0	2,120.0
13	13	Bennigan's	May	2,350.0	2,250.0	2,250.0
14	16	El Torito	Dec.	2,197.0	2,133.0	1,946.0
15	15	Chi-Chi's	April	2,175.0	2,180.0	2,190.0
16	17	Piccadilly	June	2,050.0	2,000.0	2,000.0
17	18	Morrison's	June	1,900.0	1,850.0	1,730.0
18	19	Marie Callender's	Dec.	1,800.0	1,750.0	1,500.0
19	20	Furr's	Dec.	1,710.0	1,600.0	1,500.0
20	21	Wyatt	Dec.	1,570.0	1,550.0	1,460.0
21	22	Steak and Ale	May	1,520.0	1,500.0	1,480.0
22	23	Po Folks	Sept.	1,495.0	1,490.0	1,500.0
23	24	Shoney's	Oct.	1,350.0	1,340.0	1,211.0
24	26	McDonald's	Dec.	1,340.0	1,260.0	1,170.0
25	27	Grandy's	June	1,313.0	1,250.0	1,453.0
26	25	White Castle	Dec.	1,300.0	1,280.0	1,210.0
27	28	Ogden	Dec.	1,281.0	1,213.0	1,114.0
28	30	Ground Round	Dec.	1,272.0	1,118.0	1,015.0
29	29	Big Boy	Dec.	1,200.0	1,200.0	1,100.0
30	31	Sizzler	April	1,200.0	1,100.0	961.0
31	33	Disneyland/Disney World	Sept.	1,130.0	1,060.0	1,070.0
32	32	York Steak House	May	1,125.0	1,100.0	1,075.0
33	12	Marriott Food Service Mgt.	Dec.	1,110.0	2,260.0	2,040.0
34	36	Burger King	May	1,100.0	1,000.0	944.0
35	35	Denny's	June	1,040.0	1,000.0	980.0
36	34	Ponderosa	Feb.	988.8	1,007.0	857.3
37	39	Quincy's	Dec.	960.0	951.0	957.0
38	44	Wendy's	Dec.	945.0	861.0	759.0
39	45	Saga	June	933.0	860.0	830.0
40	47	Friendly Ice Cream	Dec.	916.0	851.0	836.0
41	40	Perkins	Dec.	913.5	907.1	873.8
42	43	Western Steer	Feb.	906.0	871.9	844.0
43	38	ShowBiz/Chuck E. Cheese's	Dec.	900.0	958.5	972.0
44	41	Bojangles'	Dec.	900.0	900.0	900.0
45	46	Delaware North	Dec.	900.0	855.0	806.0
46	50	Western Sizzlin'	Oct.	900.0	800.0	700.0
47	42	Village Inn	Oct.	890.0	880.0	832.0
48	49	Hardee's	March	864.0	802.0	771.0
49	48	Roy Rogers	Dec.	850.0	825.0	800.0
50	51	Bonanza	Sept.	840.0	780.0	734.0
51	55	Carl's Jr.	Jan.	769.0	732.4	767.3
52	53	Popeyes	Dec.	755.0	745.0	715.0
53	52	Jack-in-the-Box	Sept.	754.0	753.0	700.0
54	56	Howard Johnson's Rest.	Oct.	752.2	730.6	535.8
55	57	Golden Corral	Dec.	750.0	720.0	705.0
56	58	Rax	July	734.0	709.0	760.0
57	59	Custom Management	June	718.0	700.0	720.0
58	61	Greyhound Food Mgt.	Dec.	708.0	667.0	613.0
59	54	Seiler	Aug.	698.1	739.5	703.3
60	37	Krystal	Dec.	695.0	975.0	666.0
61	60	Mr. Steak	Dec.	684.0	682.0	685.0
62	63	Arby's	Dec.	655.0	615.0	575.0
63	62	Service America	March	642.0	642.0	1,150.0
64	64	Szabo	Sept.	634.0	613.0	594.0
65	65	Country Kitchen	Dec.	625.0	603.0	540.0
66	70	Taco Bell	Dec.	622.0	550.0	460.0
67	68	Kentucky Fried Chicken	Dec.	610.0	565.4	525.0
68	66	Naugles	June	595.0	585.0	595.0
69	67	Del Taco	Dec.	585.0	584.0	535.0
70	73	Chick-fil-A	Dec.	580.0	525.0	510.0
71	69	Whataburger	Sept.	579.0	553.0	530.0
72	71	Captain D's	Oct.	574.0	539.0	521.0
73	72	Holiday Inn	Dec.	563.5	526.6	489.2
74	74	Int'l House of Pancakes	Dec.	530.0	521.0	467.9
75	77	Shakey's	Dept.	520.0	470.0	465.0
76	75	Long John Silver's	June	515.0	478.0	459.0
77	76	ARA Services	Dec.	486.0	473.0	460.0
78	78	Church's	Dec.	481.0	445.0	388.2
79	84	Domino's	Dec.	465.4	426.4	407.2
80	80	Round Table Pizza	Dec.	460.0	440.0	422.0
81	79	Ramada Inn	Jan.	456.5	443.2	421.5
82	83	Pizza Hut	Dec.	440.0	428.0	400.0
83	81	Canteen	Dec.	438.0	434.0	388.0
84	85	Dunkin' Donuts	Oct.	437.6	416.5	391.6
85	82	Little Caesar	Dec.	435.0	433.0	432.0
86	86	Pizza Inn	Dec.	420.0	396.0	381.0
87	88	Quality Inn	May	409.1	382.3	371.0
88	87	Godfather's	Dec.	375.0	390.0	425.0
89	89	Tastee Freeze	Dec.	325.0	300.0	225.0
90	90	Sonic Drive-In	Aug.	312.0	292.0	270.0
91	91	Waffle House	Dec.	297.0	291.0	283.0
92	92	Dairy Queen	Nov.	275.0	228.3	270.0
93	94	A&W	Dec.	237.0	220.0	216.0
94	93	Carvel	Dec.	234.0	226.0	221.0
95	96	K mart	Jan.	229.3	207.2	162.2
96	95	Winchell's	June	215.0	215.0	212.0
97	97	Mister Donut	Feb.	205.0	205.0	202.0
98	98	Baskin-Robbins	Dec.	202.4	188.0	194.5
99	99	F. W. Woolworth	Jan.	180.6	180.4	180.2
100	100	7-Eleven	Dec.	75.5	72.3	69.8
AVERAGE Top 100 Chains				1,184.3	1,155.1	1,104.8

Source: *NRN* research

Sales Per Unit: Units that have been in operation for at least 12 months prior to the end of the fiscal year. The Sales Per Unit table was extracted exclusively from the Top 100 Chains Ranked by Systemwide Sales table, where additional explanations and footnotes can be found.

FOCUS | NRN

Top 4 burger chains pulling away from the pack

By David Zuckerman

Life in the fast-food hamburger segment grows increasingly treacherous for most players as the so-called big three—McDonald's, Burger King and Wendy's—along with No. 4 Hardee's, are applying their enormous financial and marketing muscle to pull even further away from the pack.

While those four chains, which now account for about 35% of the nation's fast-food sales, prepare for a renewed battle-of-the-burgers campaign and wage war on the breakfast front, others in the segment are being forced to adopt a back-to-basics stance in the face of sagging sales and earnings.

With the exception of such low-enders as White Castle and Krystal, which over the years have developed a totally separate customer base from the mainstream fast feeders, few burger chains are able to escape the rapidly growing tentacles of the top four.

Backed by massive marketing campaigns, which reach deep into the psyche of the American (and foreign) consuming public, McDonald's, Burger King and Wendy's—and to a lesser degree Hardee's—are slowly cutting off growth opportunities for such chains as Arby's, Jack in the Box, Roy Rogers, Carl Karcher and Rax. Concurrently, overwhelming unit buildup by the top four is thrusting them into practically every market, further increasing crucial exposure.

> *'While top-ranked McDonald's is hardly in a vulnerable position, the 8,300-plus-unit chain is nevertheless covering its flanks.'*

With No. 2 Burger King and No. 3 Wendy's jumping into the breakfast race, along with Arby's and Roy Rogers, the scamble to boost or maintain morning daypart traffic is emerging as one of the major battlegrounds among the segment leaders.

While top-ranked McDonald's, which derives some 18% of its sales from breakfast, is hardly in a vulnerable position, the 8,300-plus-unit chain is nevertheless covering its flanks.

Already McDonald's is bracing for the challenge by stepping up the rollout of its three breakfast biscuit sandwiches, now available in about 4,000 units. Originally developed as a regional product for markets in the Southeast, the biscuits are expected to become a chainwide fixture by the end of this year, affording McDonald's a potent one-two breakfast punch in tandem with the popular Egg McMuffin.

McDonald's Upgrades Breakfast

In addition, McDonald's is slowly instituting a program of improved service and ambience during breakfast in a move designed to foster repeat business. Currently in force at several hundred units around the country, the program includes such amenities as tablecloths, artificial flowers and salt and pepper shakers on tables and smiling hostesses offering free coffee refills, complimentary newspapers and toys for the kids.

With 81 consecutive quarters of revenue and earnings growth under its belt, McDonald's will add more than 500 stores worldwide this year, expanding its presence in such nontraditional locations as office buildings, airports, toll roads, hospitals, museums and military bases.

At the end of 1984, 1,709—or 21%—of the chain's total units were outside the United States, with foreign sales approaching $2 billion. Now ensconced in 36 countries, McDonald's is setting its sights on at least four more, Argentina, Macao, Indonesia and South Korea (the sight of the 1988 summer Olympics).

But while average units sales should surpass the $1.3 million mark by the end of 1985, McDonald's searches methodically for a blockbuster new product to fuel real sales growth. The 1983 rollout of Chicken McNuggets was the chain's last real score on the new-products front.

Among items currently in test, the most likely to get chainwide exposure in the near future is a new lettuce-and-tomato-topped ¼-lb. hamburger dubbed the McDLT. Positioned to challenge Burger King's reformulated 4.2-oz. Whopper and add fuel to a renewed battle of the burgers, McDLT has scored impressively in a 400-unit Midwestern test and will soon be expanded into Texas, Oklahoma and markets on the West Coast.

Burger King Remains Pugnacious

Meanwhile, No. 2 Burger King remains a belligerent challenger, expanding at a steady pace of about 400 units per year and topping the $1 million mark in average per-unit sales for the first time.

Riding a wave of comparative advertising that has helped fuel impressive growth, Burger King is confronting McDonald's head-on in the breakfast arena, pitting its new Croissan'wich breakfast sandwich directly against the Egg McMuffin. While the ploy is unlikely to hurt McDonald's much, breakfast sales at Burger King have risen to about 12% of the total and should climb higher in the coming year.

On the burger front, the 4,225-unit chain is keeping the heat on the competition with a surprise rollout of a reformulated 4.2-oz. Whopper. By reintroducing its signature sandwich as new and improved, Burger King has in essence responded to No. 3 Wendy's classic "Where's the Beef?" and reawakened the dormant battle of the burgers.

In addition, Burger King has new plans for the croissants that it currently uses for its breakfast Croissan'wich. Three nonbreakfast croissant sandwiches—bacon lettuce and tomato, ham and cheese and chicken—are currently being tested in selected markets, although a rollout is not imminent.

With two recent acquisitions by parent Pillsbury—the nine-unit Quik Wok fast-Chinese-food chain and the multifaceted Diversifoods: Godfather's Pizza, ChartHouse dinnerhouses, Luther's barbeque and Moxie's—Burger King will vastly expand its horizons. Already, Quick Wok has been added to the Burger King family, with former marketing executive and New York regional manager Kyle Craig Jr. as its new president.

The Diversifoods purchase, which includes 377 franchised and subfranchised Burger Kings, increases the chain's stock of company stores to about 20% of the system and adds a strong company presence in the Midwest. Eventually, however, at least some of those stores will be sold off to franchisees.

But most intriguing will be the fate of Godfather's, the ailing 895-unit pizza chain that helped bring Diversifoods to its knees. With Burger King chairman and chief executive J. Jeffrey Campbell reportedly interested in the pizza segment, speculation is high that Burger King may retain Godfather's and attempt to turn it around.

Other Diversifoods properties will likely be sold off or operated by Pillsbury's S & A Restaurant Corp.

Wendy's Sidesteps Battle

While Burger King attempts to rattle McDonald's ivory tower, No. 3 Wendy's is sidestepping the competition in the breakfast arena by tilting its new program toward a middle ground between fast food and coffee shop, hoping to gain market share at the expense of both segments.

Reaching beyond the breakfast sandwich offerings of its closest competitors—McDonald's, Burger King

*(See **BIG 4**, page F18)*

TOP BURGER CHAINS RANKED BY SYSTEMWIDE SALES

Top 100 Rank		Chain	Fiscal Year Ends	Systemwide Sales (By Fiscal Year, in Millions)		
1985	1984			Current	Last Full	Previous
1	1	McDonald's	Dec.	$11,500.0	$10,000.0	$8,700.0
2	2	Burger King	May	4,520.0	3,990.0	3,400.0
4	4	Wendy's	Dec.	3,000.0	2,420.0	1,920.0
5	6	Hardee's	March	2,200.0	1,800.0	1,600.0
25	24	Jack-in-the-Box	Sept.	621.2	575.2	531.7
29	28	Roy Rogers	Dec.	545.0	483.3	428.0
44	42	Carl's Jr.	Jan.	358.7	335.2	289.8
53	48	Sonic Drive-In	Aug.	302.5	283.1	262.0
56	61	White Castle	Dec.	286.0	229.0	210.0
68	68	Whataburger	Sept.	226.0	210.0	175.0

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales

Source: *NRN* research

TOP BURGER CHAINS RANKED BY NUMBER OF UNITS

Top 100 Rank*		Chain	Fiscal Year Ends	Number of Units (By Fiscal Year)		
1985	1984			Current	Last Full	Previous
1	1	McDonald's	Dec.	8,854	8,304	7,778
6	6	Burger King	May	4,623	4,225	3,827
7	7	Wendy's	Dec.	3,352	2,992	2,673
10	10	Hardee's	March	2,636	2,358	2,063
25	21	Sonic Drive-In	Aug.	972	968	975
31	28	Jack-in-the-Box	Sept.	795	788	774
39	31	A&W	Dec.	612	704	754
43	40	Roy Rogers	Dec.	575	537	504
53	53	Carl's Jr.	Jan.	455	433	379
58	56	Whataburger	Sept.	390	380	330

*Ranking refers to Top 100 Chains: Ranked by Number of Units

Source: *NRN* research

TOP BURGER CHAINS RANKED BY SALES PER UNIT

Top 100 Rank*		Chain	Fiscal Year Ends	Sales Per Unit (By Fiscal Year, in Thousands)		
1985	1984			Current	Last Full	Previous
24	26	McDonald's	Dec.	$1,340.0	$1,260.0	$1,170.0
26	25	White Castle	Dec.	1,300.0	1,280.0	1,210.0
34	36	Burger King	May	1,100.0	1,000.0	944.0
38	44	Wendy's	Dec.	945.0	861.0	759.0
48	49	Hardee's	March	864.0	802.0	771.0
49	48	Roy Rogers	Dec.	850.0	825.0	800.0
51	55	Carl's Jr.	Jan.	769.0	732.4	767.3
53	52	Jack-in-the-Box	Sept.	754.0	753.0	700.0
60	37	Krystal	Dec.	695.0	975.0	666.0
71	69	Whataburger	Sept.	579.0	553.0	530.0

*Ranking refers to Top 100 Chains: Ranked by Sales Per Unit

Source: *NRN* research

FOCUS NRN

TOP 4 BURGER CHAINS

'While BK attempts to rattle McD's ivory tower, Wendy's is sidestepping competition.'

(Continued from page F17)

and Hardee's—Wendy's is opting for a sit-down breakfast anchored by four made-to-order omelets, French toast, a scrambled-egg platter and a breakfast sandwich served on white or wheat toast.

Beyond breakfast, which could take a year or more to turn a profit, Wendy's has stepped up testing of its All American hotdogs to more than 300 stores in 12 markets and has also begun a trial run of a Swiss Bacon Burger. The hotdogs loom as the chain's next major new product rollout, perhaps following completion of the $50 million-plus breakfast media blitz that is currently in progress.

While marketing expenditures have been stepped up to 2% of domestic sales this year, Wendy's remains dissatisfied with its overall penetration. Development in major cities, such as Los Angeles, San Francisco, New York, Chicago, Houston and Dallas, will increase significantly over the next few years, with a target of 4,000 units in operation by the end of 1987.

This year, some 360 new stores will be added to a 1984 base of 2,992, an expansion clip of about 12%.

Meanwhile, an ongoing $60 million greenhouse-remodeling program, which will add one-third more seating, will be completed at about 400 additional stores by the end of the year. Remodeled stores typically averaged about $950,000 in sales last year, well above the chain average of $861,000.

Hardee's "Better Burger"

For Hardee's the problem is not in establishing a breakfast program but in stepping up sales of other products, such as burgers. The chain's biscuit breakfast program, among the most successful in the industry, currently accounts for nearly 30% of sales, according to estimates.

But with increased competition from Burger King and Wendy's, Hardee's must look to its lunch and dinner business if it hopes to keep pace with the big three. To that end, the chain has been working to improve the image of its hamburger and specialty-sandwich lines and researching and developing new products in the nonsandwich area.

Currently in the midst of a major image-building campaign, targeted heavily toward the blue-collar working class, Hardee's will soon jump into the battle of the burgers for the first time with its own reformulated ¼-lb. hamburger. Dubbed the "Better Burger," the new product will feature a loosely packed, made-in-hand look reminiscent of a backyard barbecue.

In the meantime, Hardee's is heavily concentrated in the Southeast and Midwest and has no plans on the drawing board for the Northeast or the West Coast, where the chain has no stores. But while network advertising has been introduced over the past year, Hardee's continues to operate like a giant regional chain, satisfied to compete on a market-by-market basis.

With average store sales in the $800,000 range, Hardee's will add about 250 new stores over the next year, bringing the chain total above 2,600 by the end of fiscal 1986.

In addition, Hardee's will step up development of in-store units at Peoples Drug stores (both are subsidiaries of Montreal-based Imasco Ltd.) and begin developing new sites for its Casa Grisanti Italian dinnerhouse chain.

BURGER SEGMENT PRICE DATA

For Selected Chains

Chain	Average Per-Person Check (By Fiscal Year)			Annual Price Increases (By Fiscal Year)		
	Current	Last Full	Previous	Current	Last Full	Previous
McDonald's	$3.24	$3.15	$3.00	2.8%	0.0%	0.0%
Burger King	3.27	3.20	3.00	2.2	5.7	0.0
Wendy's	4.14	4.10	4.02	2.0	4.0	3.0
Hardee's	2.45	2.37	2.15	2.0	2.0	1.0
Carl's Jr.	3.38	3.76	3.42	−10.1	9.9	4.6
White Castle	2.54	2.51	2.42	1.1	3.7	
Krystal	2.54	2.49	2.37	1.9	2.7	

Source: *NRN* research

For some, 1985 has become the year of living dangerously

Beyond the top four chains, prospects at the rest of the fast-food hamburger chains appear weakened, as many aggressive contenders seem to sputter.

Among the most ambitious, Carl Karcher Enterprises and Rax Restaurants; lofty plans have hit a wall as both suffer shortfalls in traffic and average-unit sales. Both are now rethinking their strategies to regain a foothold. Marriott's 550-unit Roy Rogers chain, however, appears to be holding even.

For Carl Karcher, a disastrous dinner rollout that damaged the price-value perception at its 440 Carl's Jr. restaurants triggered a chain of events that stifled earnings growth for fiscal 1985 (ended January) and pushed average unit volumes down some 4.5%, to about $730,000.

While the dinner program has been scrapped and menu prices have been reduced, the company has not yet recovered. For the first quarter ended May 17 year-to-year profits were off 82%, to $811,000.

As a result, while the chain will continue its expansion into Texas and its recently instituted franchising program, unit development has been pared from an estimated 60 new stores in fiscal 1986 to less than 25.

In addition, the bulk of Karcher's $12 million marketing budget—spread much too thin to be effective last year—will be devoted to its reduced-price line of hamburgers, which now range from 49¢ (for a new 2-oz. burger) to $2.19.

Severe winter weather in the Midwest this year was a contributing factor to the downfall of Rax, which saw average unit volumes dip 6.7% on a year-to-year basis and profits evaporate to almost nothing for the fiscal year ended July 31.

Arby's has registered steady growth but is still losing ground to the segment leaders.

But beyond the elements, Rax fell short in other areas, most notably a marketing plan that was too thin to support the chain's ambitious 30% to 40% annual unit expansion. With the marketing director's post unfilled for much of the fiscal year, consumer awareness began to waver and traffic plummeted. In addition, poor site selection in some markets contributed to weak performances at new stores, bringing the chain's overall sales average down.

Rapid new-product development, which has built the Rax menu to more than 30 items, including the segment's first stuffed baked potato, will likely be curtailed in the coming year in favor of an increased emphasis on marketing, operations and real estate.

Earlier this year, former Wendy's executive Daniel J. Corrigan took over as executive vice president of marketing, and the team was beefed up from five to 22 employees. The chain's advertising budget has been doubled to $10 million and was turned over to a new agency, Benton & Bowles of New York.

With a stronger emphasis on selectivity of sites, Rax unit expansion pace is expected to slow to about 27% growth, with some 120 new stores being added in fiscal 1986.

Meanwhile, Rax continues its search for a president, a role that has been filled since the chain's inception in 1978 by founder and chairman J. Pat Ross, who is also chief executive. In all likelihood a new president will be named before the end of this year.

In contrast to the ups and downs of Carl Karcher and Rax, Arby's has registered steady growth while remaining mired in mediocrity. As the fifth-largest chain in the burger segment, with more than 1,400 units, it is losing ground to the leaders despite a spate of recent new product introductions, including a chicken sandwich, a stuffed baked potato and an extensive breakfast program.

On a positive note, parent Royal Crown has finally named a new Arby's president—former Ralston Purina executive Leonard Roberts—filling a leadership void that has existed since Jefferson T. McMahon resigned late last year.

But with average unit volumes not expected to reach $700,000 by the end of this year, Arby's must expand beyond its roast beef orientation to compete on equal footing with the burger giants. The company readily admits that roast beef accounts for only 5% of the fast-food market while burgers take a whopping 50%.

Although the chain will refocus its marketing efforts on its signature roast beef for the remainder of 1985, it is busy developing a line of ⅓-lb. hamburgers, which are now being tested in about 70 stores. However, a burger rollout is not likely to occur in the near future because most of the Arby's system remains unequipped for grilling or broiling.

Also on the drawing board is a roasted-chicken item, targeted toward the health-conscious consumer and slated as a possible sales builder at dinner. Currently being tested in Richmond and Atlanta, the product will be moved into Northern and Western markets later this year and perhaps rolled systemwide in early 1986.

Meanwhile, the fate of the sixth-largest fast-food burger chain—Jack in the Box—remains uncertain following a collapsed leveraged buyout attempt in which company president and chief executive Jack Goodall, nine other top executives and an investment partnership sought to purchase the 790-unit chain from parent Ralston Purina for $500 million.

While Ralston Purina, which sold off its 71 dinnerhouses to Vicorp last year, appears committed to unloading Jack in the Box (the last vestige of its Foodmaker food-service division), the company may be forced to trim some $50 million to $125 million from the price tag so that lenders will be interested. Declining Jack in the Box earnings and a poor environment for continued growth have been cited as reasons for the collapse of the LBO.

Before that happened, plans for the chain had included a name change to Monterey Jack's, an aggressive franchising program (less than 10% of Jack in the Box units are franchised) and further refinements to the menu, which has evolved over the past few years into one of the most sophisticated in the segment.

—David Zuckerman

Chicken chains hatch new ideas to keep abreast

By Don Jeffrey

Chicken chains, which rolled out nuggets to win back customers lost to McDonald's, are now scrambling to expand their menus to differentiate themselves from each other.

Menu items in test or rollout this year include catfish at Church's, waffle fries at Chick-Fil-A, cinnamon twists at Bojangles', baked filets of chicken breast at Mrs.Winner's and barbecued ribs at Grandy's.

The list of new products is likely to grow as new units crowd each other in many markets.

McDonald's successful rollout of chicken nuggets two years ago "rattled up the test kitchen doors," said Lamar Berry, a Popeyes vice president.

Meanwhile, such chains as Kentucky Fried Chicken continue to upscale their units, reaching for higher-income demographics. Executives recall how Church's suffered severe customer count declines in its many lower-income markets during the last recession.

Because of the increased competition for dollars and diners, some observers say smaller chains may disappear in a shakeout, succumbing to stepped-up consolidation, as the bigger and healthier chains gobble up the smaller, struggling ones.

> *'Chains are looking at new ways of preparing chicken because they fear consumers are shunning an all-fried diet.'*

Church's Rebounds

Despite Church's problems several years ago, it is one of the success stories of 1985, as profits and real sales trend upward again.

Church's innovative and successful rollout of fried catfish is spurring chain executives to move beyond a standard fried-chicken offering.

Many chains, in fact, are looking at new ways of preparing chicken, indicating their fear that consumers are shunning an all-fried diet.

Mrs. Winner's is rolling out a 5-oz. baked chicken breast filet and has added green beans as a side item. The company expects the offering to reach 10% of sales. Bojangles' has tested roasted and grilled chicken but has decided not to roll out either at this time.

Chicken chains hope to benefit from Americans' move toward lower red-meat consumption.

Breakfast Trade

Though chicken remains primarily a dinner offering, with carry-out sales amounting to a large percentage of the total receipts, such chains as Bojangles and Mrs. Winner's are carving out important shares of the breakfast trade.

The segment's two top chains, Kentucky Fried Chicken and Church's, said they have no plans to add breakfast, though there are persistent reports that Church's is interested.

But most chains are cutting back on once-ambitious growth plans. Bojangles' and Mrs. Winner's have both met resistance in new markets.

KFC Adds a Store a Day

KFC, nevertheless, said it is adding about one new store a day this year, a rate that will leave it with 6,540 units by year-end, increasing its dominance over the segment.

The chain is ambitiously remodeling with reports of "substantial" sales gains from remodeled units. The look is upscale, with landscaping outside and large airy dining rooms inside. New and remodeled units feature drive-throughs for customer convenience.

KFC's newest product is Kentucky Nuggets, now at about 7% of sales.

Church's, the No. 2 chain, with about 1,600 units this year, is growing through acquisitions as well as by building from scratch. Recently it acquired two small Texas-based chicken chains and indicated that it may look for other acquisitions.

San Antonio-based Church's is growing in part, with take-out-only mini-stores that can be fitted onto unusual or undersized sites and then be moved to new locations easily if customer traffic patterns shift.

Church's success with catfish is curing the new-product doldrums it suffered for many years. It traditionally had little luck with new menu items, as such fast-food innovations as okra, livers and gizzards failed to catch on with a national audience.

Popeyes' Spicy Nuggets

Popeyes, the No. 3 chain, with an estimated 540 units this year, goes its own way with its Louisiana-based Cajun-style offerings. This chain's fortunes in the national arena might be boosted with the current fascination for regional cuisines, especially such exotic fare as Cajun. Popeyes' own nuggets product is spicy Cajun, and the company is hoping for a 7% to 9% incremental sales gain.

Executives at Popeyes said they are monitoring the "healthy" foods trend but as yet do not feel compelled to respond with a rollout.

Segment leaders, speaking freely about the deterioration of customer counts after McDonald's nuggets rollout, still caution against new-product introductions for only short-term gains.

Bojangles' Flat Sales

Bojangles', the Horn & Hardart-owned chicken chain with about 400 units, has impressive average volumes, but they have been flat for two years. Competitive pressures are cited as the reason.

Because breakfast is such a significant part of Bojangles' business, one of the two new products rolled out this year is a breakfast support item: a cinnamon twist. The other, nuggets, registers 8% to 10% of sales.

Like Church's, Bojangles views acquisition as an important growth vehicle. A chain it bought in Florida in the past year has undergone conversion to Bojangles'. Executives are looking for another purchase.

Despite high construction and real estate costs, Bojangles' said it has been able to maintain a flat average cost per unit as it grows.

Smaller, regional chains, such as Mrs. Winner's and Grandy's are experiencing some problems as they have grown. Winner's has had a tough year, with average store sales down 7% to 8% and profits down as well.

Besides its baked chicken and nuggets, Mrs. Winner's has added a new french fry: a fried and seasoned potato wedge with the skin on. The company said it is outselling the potato tart, the item it replaced, by 3 to 1.

Because Winner's registers a substantial portion of its sales at breakfast, which is not chicken based, it is likely to continue its menu diversification beyond chicken products.

Average volumes at Grandy's, which Saga owns, have dropped recently.

Commodity cost increases have been held in check this year, unlike the rapid rises of the previous year, when the cost of broiler chickens hit all-time highs.

TOP CHICKEN CHAINS RANKED BY SYSTEMWIDE SALES

Top 100 Rank		Chain	Fiscal Year Ends	Systemwide Sales (By Fiscal Year, in Millions)		
1985	1984			Current	Last Full	Previous
3	3	Kentucky Fried Chicken	Dec.	$3,200.0	$2,800.0	$2,600.0
24	22	Church's	Dec.	650.0	633.0	548.0
45	47	Popeyes	Dec.	353.0	303.0	230.0
64	78	Bojangles'	Dec.	250.0	175.0	129.0
73	80	Grandy's	June	210.1	172.2	99.9
93	89	Chick-fil-A	Dec.	160.0	153.0	134.0

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales

Source: *NRN* research

TOP CHICKEN CHAINS RANKED BY NUMBER OF UNITS

Top 100 Rank*		Chain	Fiscal Year Ends	Number of Units (By Fiscal Year)		
1985	1984			Current	Last Full	Previous
3	3	Kentucky Fried Chicken	Dec.	6,540	6,175	5,775
15	15	Church's	Dec.	1,600	1,497	1,480
46	51	Popeyes	Dec.	540	437	390
56	59	Bojangles'	Dec.	400	320	215
62	62	Chick-fil-A	Dec.	325	305	280
82	84	Grandy's	June	187	147	97

*Ranking refers to Top 100 Chains: Ranked by Number of Units

Source: *NRN* research

TOP CHICKEN CHAINS RANKED BY SALES PER UNIT

Top 100 Rank*		Chain	Fiscal Year Ends	Sales Per Unit (By Fiscal Year, in Thousands)		
1985	1984			Current	Last Full	Previous
25	27	Grandy's	June	$1,313.0	$1,250.0	$1,453.0
44	41	Bojangles'	Dec.	900.0	900.0	900.0
52	53	Popeyes	Dec.	755.0	745.0	715.0
67	68	Kentucky Fried Chicken	Dec.	610.0	565.4	525.0
70	73	Chick-fil-A	Dec.	580.0	525.0	510.0
78	78	Church's	Dec.	481.0	445.0	388.2
86	86	Pizza Inn	Dec.	420.0	396.0	381.0
88	87	Godfather's	Dec.	375.0	390.0	425.0

*Ranking refers to Top 100 Chains: Ranked by Sales Per Unit

Source: *NRN* research

CHICKEN SEGMENT PRICE DATA

For Selected Chains

Chain	Average Per-Person Check (By Fiscal Year)			Annual Price Increases (By Fiscal Year)		
	Current	Last Full	Previous	Current	Last Full	Previous
Church's	$3.50	$3.50	$3.00	3.0%	4.5%	9.5%
Popeyes	3.95	3.90	3.90	5.0	3.0	4.5
Bojangles'	3.50	3.47	—	1.0	—	—
Grandy's	2.93	2.84	2.75	3.0	3.0	3.0
Chick-fil-A	2.65	2.55	2.50	0.0	2.5	—

Source: *NRN* research

FOCUS | NRN

Pizza chains develop systems for faster food

By Don Jeffrey

Pizza chains, identifying convenience as an increasingly important consumer preference, will be accelerating their tests of home delivery, drive-throughs and new systems for making the food faster.

All major chains are experimenting with home delivery, as Domino's, the leader in that concept, continues its explosive growth. At year-end the Michigan-based chain expects to have 2,800 outlets open, more than double what it had less than two years ago.

Little Caesar, another fast-growing Michigan-based chain, said it is installing drive-throughs in many of its units. Basically a carry-out chain, Little Caesar expects to have 1,000 units open by year-end.

In the battle to increase customer frequency and market share, segment leader Pizza Hut is rolling out Priazzo, a pizza-related product with a top and bottom crust. It could be the hottest new product this year in marketing impact and sales gains.

Other items in test or in rollout include Godfather's thin-crusted pizza, Shakey's pan pizza, Pizza Inn's pasta bar and Little Caesar's hot and cold pasta salads.

As home delivery catches on, Domino's, which has virtually owned the delivery turf for many years, could become vulnerable.

Domino's executives, though, said they welcome other chains' experiments, because they help increase consumers' awareness of home delivery. They said penetrating new markets becomes easier after other chains begin testing.

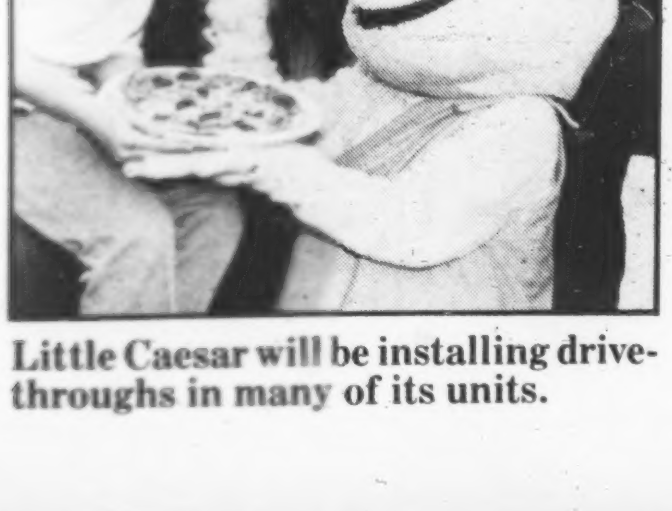
But chains that have not specialized in delivery are finding that success does not come easily.

Chains like Godfather's and Pizza Inn that have tried to conduct delivery operations out of the back of their restaurants have been reporting operational problems and low profit margins. Shakey's reported some cannibalization of sales from the carry-out and drive-thru lines.

Delivery Lures Competitors

Many chain executives said their store managers are having huge headaches trying to run a second business, delivery, out of the same shop.

Pizza Hut, recognizing the virtues of Domino's small, uncluttered, take-out and delivery-only outlets, is testing delivery at specially designed units, for fear that back-of-the-house delivery problems would blacken the image of its regular restaurants.



Little Caesar will be installing drive-throughs in many of its units.

But Pizza Hut is proceeding slowly with its delivery test, and according to recent reports, no rollout is expected soon.

Pizza Inn, with 14% of its sales from home delivery, said it, too, is moving cautiously on the concept, still not convinced that margins are right.

Shakey's delivery test is also inconclusive. That Texas-based chain is experimenting with new ovens and point-of-sale systems in order to increase speed and efficiency of service.

New Dinner Offerings

Menu tests and rollouts this year seem to favor dinner offerings, where last year's new products were more geared to lunch.

Pizza Hut is generally credited with opening up the lunch daypart for pizza chains through its marketing blitz for Personal Pan Pizza, an individual-sized pie with a five-minute guarantee. One franchisee said Pizza Hut's lunch sales went from 9% to 10% of the total before personal pan to 22% to 24% after.

Other chains have tried to improve their lunch counts by rolling out their versions of the small pie. Others, like Godfather's, are experimenting with pizza by the slice, which has long been the mainstay of many urban independent pizza parlors.

> *'Chains that have not specialized in delivery find that success doesn't come easily.'*

But, having reestablished pizza as a viable and convenient lunch offering, the chains are moving back to their traditional focus on the higher-ticket dinner trade.

Pizza Hut's Priazzo, priced like a large dinner-time pizza, accounts for 25% to 30% of sales.

Pizza Hut is now testing calzones and pastas, Italian-style menu items that are naturals for pizza chains.

Pizza Inn, among others, has expanded pastas into the evening from its lunchtime buffet.

No. 2 chain Domino's has successfully resisted menu expansion or diversification. It offers only pizza and a beverage.

Godfather's has slipped into the No. 3 position among chains in sales after stumbling badly last year when it rolled out a pan pizza that created operational nightmares for unit personnel and failed to win acceptance among consumers. Testing is now far more cautious.

Spokesmen say Godfather's is concentrating on improving store-level operations this year in an attempt to regain the perception it once enjoyed among customers as having a good price-value relationship.

Unit expansion at Godfather's has been put on hold until it can straighten out its store-level and franchisee problems. Its biggest franchisee, 118-unit Concept Development, is suing the parent to get out of its licensing agreement.

Godfather's, recently regarded as a moribund chain, could see its fortunes improve now that its parent Diversifoods has been merged with Pillsbury because Pillsbury might have the resources and the talent to turn it around.

The merger gives Pillsbury not only the nation's third-largest pizza chain

*(See **PIZZA**, page F24)*

TOP PIZZA CHAINS RANKED BY SYSTEMWIDE SALES

Top 100 Rank*		Chain	Fiscal Year Ends	Systemwide Sales (By Fiscal Year, in Millions)		
1985	1984			Current	Last Full	Previous
6	5	Pizza Hut	Dec.	$2,150.0	$1,870.0	$1,600.0
11	23	Domino's	Dec.	1,200.0	626.0	355.0
48	40	Godfather's	Dec.	324.0	345.0	350.0
49	41	ShowBiz/ Chuck E. Cheese's	Dec.	320.0	340.0	377.0
51	62	Little Caesar	Dec.	310.0	227.0	175.0
60	56	Pizza Inn	Dec.	270.0	252.0	237.0
72	66	Shakey's	Sept.	218.0	211.0	210.0
84	84	Round Table Pizza	Dec.	185.1	162.0	134.2

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales

Source: *NRN* research

TOP PIZZA CHAINS RANKED BY NUMBER OF UNITS

Top 100 Rank*		Chain	Fiscal Year Ends	Number of Units (By Fiscal Year)		
1985	1984			Current	Last Full	Previous
4	5	Pizza Hut	Dec.	4,837	4,593	4,300
8	11	Domino's	Dec.	2,800	1,865	1,180
24	34	Little Caesar	Dec.	1,000	645	464
27	24	Godfather's	Dec.	865	895	887
35	30	Pizza Inn	Dec.	725	706	710
51	54	Round Table Pizza	Dec.	490	430	400
55	50	Shakey's	Sept.	420	450	453
59	55	Showbiz/Chuck E. Cheese's	Dec.	357	402	479

*Ranking refers to Top 100 Chains: Ranked by Number of Units

Source: *NRN* research

TOP PIZZA CHAINS RANKED BY SALES PER UNIT

Top 100 Rank*		Chain	Fiscal Year Ends	Sales Per Unit (By Fiscal Year, in Thousands)		
1985	1984			Current	Last Full	Previous
43	38	ShowBiz/Chuck E. Cheese's	Dec.	$900.0	$958.5	$972.0
75	77	Shakey's	Sept.	520.0	470.0	465.0
79	84	Domino's	Dec.	465.4	426.4	407.2
80	80	Round Table Pizza	Dec.	460.0	440.0	422.0
82	83	Pizza Hut	Dec.	440.0	428.0	400.0
85	82	Little Caesar	Dec.	435.0	433.0	432.0
86	86	Pizza Inn	Dec.	420.0	396.0	381.0
88	87	Godfather's	Dec.	375.0	390.0	425.0

*Ranking refers to Top 100 Chains: Ranked by Sales Per Unit

Source: *NRN* research

PIZZA SEGMENT PRICE DATA

For Selected Chains

Chain	Average Per-Person Check (By Fiscal Year)			Annual Price Increases (By Fiscal Year)		
	Current	Last Full	Previous	Current	Last Full	Previous
Domino's	$9.00	$9.00	$8.95	0.0%	1.0%	—
Pizza Inn	3.16	3.07	1.85	2.5	0.0	—

Source: *NRN* research

PIZZA CHAINS

> *'Menu tests and rollouts this year seemed to favor dinner offerings rather than lunch.'*

(Continued from page F24)

but also the nation's leading supermarket brand of frozen pizza, Totino's.

As frozen, store-bought pizza becomes a stronger competitor to the pizza chains with improvements in quality and the trend toward convenience, pricing could become the critical factor in the future struggles for share between the chains and the supermarkets.

Urban Invasion

The small independent or regional chains, which represent the other major competitive force in the segment, are especially strong in the big cities and major metropolitan markets that the large chains have been mostly unable to crack.

So Pizza Hut and its franchisees are looking at the expansion potential in the Los Angeles and Chicago markets. Godfather's has some franchised units in New York City. Domino's is reportedly set to open a pilot unit in Manhattan, relying on runners rather than drivers to get the pizzas to their destinations.

Shakey's has trimmed down in the past year, shedding some low-volume units, and has no plans to enter new markets. But Shakey's continues to see international development as a logical move. And Pizza Hut, which has a sizable foreign presence, could be looking forward to some bold international efforts.

Pizza Huts in the Soviet Union? Parent company PepsiCo has the soft-drinks contract there.

DOMINO'S PIZZA
Georgetown Mall
PIZZA
FREE DELIVERY

Domino's, the leader in home delivery, continues its explosive growth and at year-end expects to have 2,800 outlets open.

Domino's, having spread quickly to all 50 American states, is eagerly studying international opportunities.

The once-hot pizza-and-games segment has apparently passed its shakeout and consolidation phases, with one survivor: ShowBiz Pizza Place, owned by Brock Hotels, which bought the bankrupt Chuck E. Cheese Pizza Time Theater chain and merged it with ShowBiz.

With video games out of favor, the chain reported that "participation" games, such as skee-ball, are now dominant.

Shakey's
Pizza
SHAKEY'S PIZZA PARLOR PIANO-BAN
FLORIST
BEAU
Pizza Hut

Shakey's, which has trimmed down, has no plans to enter new markets. Pizza Hut, however, could be looking forward to some bold international efforts.

Godfather's Pizza: Dubious future for the struggling chain

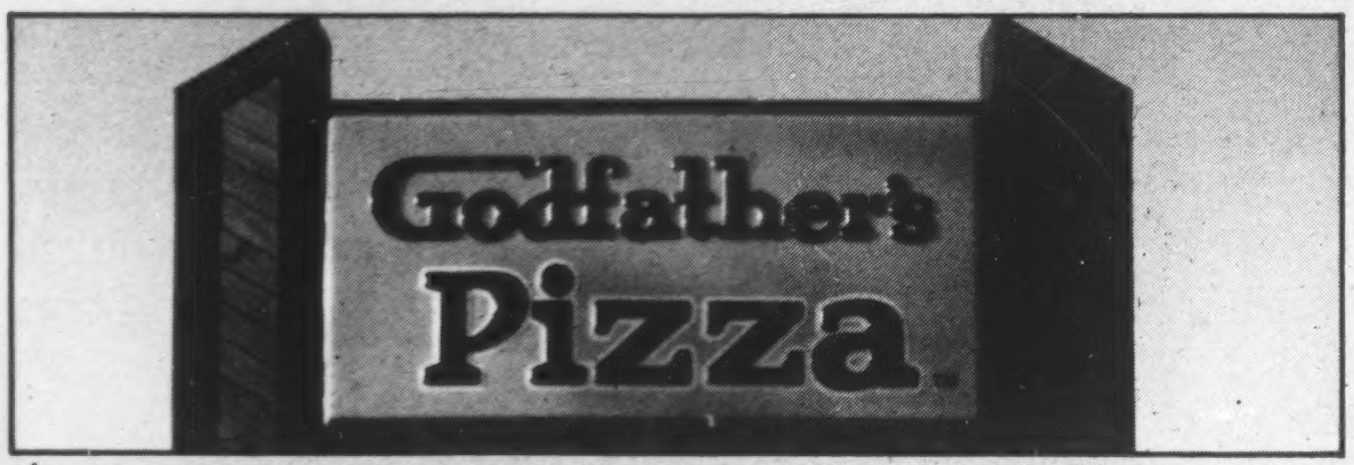
OMAHA, Neb. — Godfather's is the biggest question mark in the pizza business.

Will Pillsbury, the new owner of the struggling, 865-unit chain, sell it to raise cash to ease debt incurred in the $360 million purchase of Godfather's ex-parent Diversifoods?

Or will Pillsbury hold on to the chain and try to turn it into a winner again?

Or will Godfather's fate be determined in a New York federal court, where Horn & Hardart, which lost out in a bid to buy Diversifoods, is charging that Pillsbury breached an agreement to sell Godfather's to Horn & Hardart?

While the uncertainty continues, Godfather's is trying to reverse its fortunes by concentrating on store-level operations, which were in a welter last year over an ill-timed, ill-executed pan pizza rollout. A reformulated product failed to help the bottom line. New items now in test include a thin-crusted pizza and pizza slices.



The fate of Godfather's is still uncertain.

At headquarters Henry Pettis is at the helm, the survivor of a series of management upheavals. His task—trying to soothe dispirited franchisees—is mighty: The largest franchisee, 118-unit Concept Development, is suing to break its licensing agreement, and some franchisees are not paying royalty fees. Some analysts believe Pillsbury, if it decides to sell the chain, will sell it to a franchisee.

Pettis is directing the chain from Omaha, once again the headquarters city. Godfather's has returned to its native city after a costly one-year sojourn in southern California, where it moved to accommodate ex-chief executive Charles Boppell.

If Pillsbury plans to hold on to Godfather's, a key player has to be Jeffrey Campbell, the chief executive of its Burger King subsidiary. Campbell, who is said to have considerable influence at Pillsbury, is reportedly interested in running a pizza chain.

But why Godfather's? And what happened to the chain that less than three years ago was the cynosure of the food-service industry?

Growth apparently got out of control. Franchise agreements were avidly executed, and by the time founder Willie Theisen tried to professionalize the chain and give it a greater company-store presence by hiring Pizza Hut veteran Boppell, the system was already ebbing. Product quality had begun to slip, some observers said, and with it went the consumer perception that Godfather's offered the best price value relationship among pizza chains. Average store sales, once the highest in the segment, were plunging.

After Godfather's merged with Chart House to form Diversifoods in December 1983 and acquired new layers of management, the decline only hastened.

—Don Jeffrey

Fast-food fish chains search for right bait

Despite ample supplies of codfish at stable prices and more consumer demand for seafood than ever before, fast-food fish chains face one major problem: finding the right hook to reel in customers.

The seafood chains are attempting to meet the challenge through aggressive management maneuverings, menu expansions and remodelings that stress upscale looks.

"The aggressive will snare this market," Frank Brown, new group vice president of Captain D's, told seafood executives at a recent conference. "The outlook of fast seafood is positive. It doesn't blanket the country; there is tremendous room for growth."

With the decline of the Arthur Treacher's Fish & Chips chain (there are still about 211 relatively low-volume units, most of them franchise operations), three fish chains remain more viable in the field:

- Long John Silver's Seafood Shoppes, the segment leader, with 1,375 units systemwide
- Shoney's Captain D's, with 450 units
- Skipper's, with 180 units and systemwide sales nearing $90 million.

That both Captain D's and Skipper's are still predominantly regional chains—Skipper's is based in the Pacific Northwest and has yet to expand east of the Mississippi, and Captain D's territory is pretty much concentrated in the Southeast—means the chains do not compete with each other as much as they compete with the fast-food industry in general: the hamburger, pizza and chicken restaurants.

So if a McDonald's or Burger King announces, say, a new fish and chips entrée or, as a realistic example, Church's launches a catfish blitz, the seafood chains believe they have cause to put up their antennae. That may be one reason they are trying to broaden their menus.

Long John Silver's, for instance, rolled out chicken nuggets this spring, and Skipper's has begun imitating Church's catfish in certain markets (as did Long John Silver's). Some industry observers believe that this dilution of their original concept is unnecessary in view of seafood's rising popularity with an aging and more health-conscious population, although both rollouts have proved sales boosters. Captain D's foray into breakfast bars and steak-in-the-baskets did not, however, fare as well.

"We can serve customers in different ways. We don't need to react so much to what the competition is doing," Douglas Bamford, vice president of marketing for Skipper's, warned seafood executives at the recent conference.

The fast-food fish chains are striving for features that will place them in a more upscale mode than their counterparts in the burger, pizza and chicken fast-food segments.

"It's like a notch above the average fast-food place, but it's still fast-food," said Scott Drysdale, a Seattle-based analyst. "They're selling fish to differentiate themselves from other fast-food places."

Skipper's attractive nautical decor has always been fairly upscale, and Captain D's has been so to a somewhat lesser extent, although it is in the process of upgrading many of its stores. Long John Silver's is finally getting around to a major remodeling program aimed at putting some life into what has generally been regarded as outmoded, typical fast-food decor. Even Long John Silver's kingpin, John Tobe, admitted some time ago that such looks may have contributed to flat unit sales.

Long John Silver's
SEA FOOD SHOPPE
Long John Silver's

Long John Silver's Seafood Shoppes, the segment leader.

Other than the obvious bow to typical fast feeders, recent menu additions at all three chains have stressed lighter and more healthful entrées, such as the nonfried "Chillers" line at Long John Silver's, the new "light" entrées of boiled shrimp and tossed salads at Captain D's and seafood pasta salads brought out at Skipper's.

Company officials said they would be further exploring nonfried foods for the long term but note they will still emphasize fried fish entrées for the short term.

A current trend is away from couponing and discounting in favor of "value" marketing. Both Long John Silver's and Skipper's said they are stressing such ploys now on the basis that people in the 1980's want quality and are willing to pay more for it.

Captain D's realized the strongest gains in nominal sales for Shoney's. It advanced 8.7% on a comparable store basis with real sales up 6.2% during the second quarter of 1985. Its revenues in 1984 were $236 million, as compared with 1983's $216.7 million.

According to Goldman Sachs Research, Shoney's management is among the best in the industry. Captain D's officials have been buying low-volume franchised units and turning them around as company-owned stores. The average unit volume, $539,000 in fiscal 1984, is the highest of all those in the seafood segment.

Skipper's, not unlike the rest of the industry, experienced a general sales slowdown in the second half of the last year but nevertheless garnered a 26% increase in systemwide sales, to $74 million, in fiscal 1984. Average unit sales also increased substantially, from $420,000 in 1983 to $460,000 in 1984.

However, Skipper's general and administrative expenses are high, accounting for 16% of revenues, contributing to only a 5.9% pretax profit margin in 1984 and a 4% profit margin after taxes. This would not be so bad if the chain were bigger. According to analyst Drysdale, Skipper's has "good people but not enough units and sales to spread costs. They absolutely must expand."

The 180-unit Skipper's chain, the smallest fish in the pond, is taking steps to turn the problem around. It has plans to add 30 new units this year and has instituted cost-saving measures, such as offering Jell-O as an alternative to coleslaw and including cocktail sauce at the self-serve condiment bar rather than delivering it to the table.

Further and perhaps more important, Skipper's has contracted on an annual basis for Alaskan cod, more expensive per pound than North Atlantic supplies but believed to be more cost efficient because of less waste.

While Skipper's is struggling to expand to capitalize on its well-run operation, giant Long John Silver's has not, until recently, seemed able to capitalize on its size. Its unit volumes remain the lowest in the seafood segment, trailing Skipper's by a slight margin.

But a turnaround appears imminent under the direction of financial and administrative-oriented John Tobe, who was promoted to president and chief executive officer in 1984 in the wake of flat traffic counts, steady earnings dips and falling stock prices.

Since then Long John Silver's has hired a new advertising agency that broke a new campaign ("Sounds Good to me"), and it has instituted a major redesign of facilities using multiservice points as opposed to the previous single cafeteria line and a unit remodeling undertaking to obtain a more contemporary and airier look. Some 200 company shoppes were scheduled for refurbishment in fiscal 1985 and the remaining units within a three-year period.

Tobe has also reduced reliance on couponing and discounting programs and worked to install a new (and well-received) "Chillers" product line. An ocean chef salad was added to the line this summer. Sales gains were also derived from introductions of "kitchen breaded" fish, catfish and chicken.

With stepped-up expansion plans under way and fish costs locked in through June 1986, "everything, at last, is going Jerrico's way," said Prudential-Bache analyst Michael Culp.

Until the weather-impacted third fiscal quarter, unit sales at Long John Silver's were showing reasonable gains and the fourth quarter sales struck a responsive chord; volumes in April alone were up 6%. Systemwide sales in 1985 were expected to reach $643 million, as compared with 1984's $602 million. Analysts are predicting a much better outlook for fiscal 1986, when they estimate sales to reach $716 million.

TOP FISH CHAINS RANKED BY SYSTEMWIDE SALES

Top 100 Rank		Chain	Fiscal Year Ends	Systemwide Sales (By Fiscal Year, in Millions)		
1985	1984			Current	Last Full	Previous
22	21	Long John Silver's	June	$716.0	$643.4	$602.3
59	59	Captain D's	Oct.	272.0	236.1	216.7

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales

Source: *NRN* research

TOP FISH CHAINS RANKED BY NUMBER OF UNITS

Top 100 Rank*		Chain	Fiscal Year Ends	Number of Units (By Fiscal Year)		
1985	1984			Current	Last Full	Previous
17	16	Long John Silver's	June	1,465	1,375	1,355
49	49	Captain D's	Oct.	500	456	426

*Ranking refers to Top 100 Chains: Ranked by Number of Units

Source: *NRN* research

TOP FISH CHAINS RANKED BY SALES PER UNIT

Top 100 Rank*		Chain	Fiscal Year Ends	Sales Per Unit (By Fiscal Year, in Thousands)		
1985	1984			Current	Last Full	Previous
72	71	Captain D's	Oct.	$574.0	$539.0	$521.0
76	75	Long John Silver's	June	515.0	478.0	459.0

*Ranking refers to Top 100 Chains: Ranked by Sales Per Unit

Source: *NRN* research

FOCUS | NRN

Snack chains unfazed by health, nutrition trends

Despite facing newly health- and weight-conscious consumers who are demanding lighter menus, snack chains—led by Dairy Queen, Häagen-Dazs, Dunkin' Donuts and Orange Julius—are appearling to America's sweet tooth with increasingly heavy and calorie-laden fare.

Sales for many ice cream chains, flat for well over a decade, have taken off on the wings of high-butterfat, super-rich, "super-premium" products that appeal to an increasingly upscale market.

In doughnuts growth has remained steady for years, with the major chains (except, perhaps, segment leader Dunkin's Donuts) content to keep profiles low.

"There certainly is an upscale market to tap,' noted Harris Cooper, president of Dairy Queen International. With more than 4,800 units and $1.25 billion in sales last year, Dairy Queen continues to roll out its Queen's Choice line of 14% butterfat ice cream. It now accounts for about 6% of sales across the one-third of the chain that sells it. The chain also recently began offering the Blizzard, a combination soft-serve ice cream and crushed cookies or candy served in a cup. The chain has also added ice cream cakes and logs.

Officials estimate the chain will bring in $1.52 billion in sales for fiscal 1985, ended Nov. 30, on average unit volumes of $275,000. Parent company International Dairy Queen, which also operates about 140 Golden Skillet restaurants, projects a net profit of $7.8 million for the year, with revenue topping $142 million.

> *'Sales for many ice cream chains have taken off on the wings of high-butterfat, super-rich, super premium products.'*

Projecting sales of $519 million by its Dec. 31 year-end, 2,565-unit Baskin-Robbins has offered two "superpremium" products for some time—its French vanilla and chocolate fudge—and will roll out more later this summer. The chain, owned by London-based Allied Lyons North America Corp., is busy remodeling many of its units and expects to open 150 new stores by year-end. Only 60 are company owned.

For Yonkers, N.Y.-based Carvel, 1984 systemwide revenue was $190.3 million on average unit volumes of $226,000, according to spokesman William Schick. Only two of the chain's 850 units are company owned. On the subject of superpremium trends, Schick said: "We expect the new fad brands will come and go. A few years from now it will be something else. A few years ago it was the Chipwich."

David Wilkof, vice president of Santa Monica, Calif.-based Orange Julius International, calls his company a "franchisor of fast food with a proprietary drink." The 766-unit chain operates in all 50 states, Puerto Rico, Canada and the Far East, selling its line of fruit-juice-based drinks in seven varieties—orange, strawberry, peach, lemon, banana, pineapple and Piña Colada. They are priced at 85¢ (small), $1 (medium) and $1.15.

Other menu offerings include hotdogs, burgers and nachos. The company tested two new nacho varieties several months ago, reformulated and has begun testing anew. Two sizes come with tomato and/or shredded beef and sell for 99¢ to $2.99. Also being rolled out is a new cream-based drink, the Cream Supreme, in Tropical and Raspberry. Those flavors sell for $1.19, $1.39 and $1.59. Unit expansion by year-end will include 35 to 40 units in the United States and 10 to 12 in Canada.

The company recently entered into a definitive agreement with New York-based Custom Creamery Systems Inc. to be purchased for approximately $15 million in cash and common stock purchase warrants. Custom Creamery will change its name to Orange Julius International Inc. when the deal is signed.

"We're in a very unexciting segment of this business," said Fred Huggins, president of International Multifoods' 576-unit Mr. Donut chain. "This is probably the only segment I know of in the food industry that's the same as it was in 1965. It's the nature of the segment and the . . . type of business we're in, basically."

"The current of change is not sweeping through the doughnut business," said spokesman David Crawley of Denny's Winchell's chain. "I don't know of any huge groundswell of change as in fast food. People will always eat doughnuts, no matter how much health food they eat. That's the doughnut business. Mothers will always bring home a dozen doughnuts and then tell the kids not to eat too many of them."

Vincent Lambiase, Winchell's president, noted that "for a while, doughnuts weren't on the most-wanted list, for nutritional reasons. But health interest has dropped off. Snacks are still a special treat, and people are treating themselves."

For 865-unit Winchell's, growth is tied to a three-pronged strategy of broadening menus, offering price incentives to customers who buy by the dozen and beginning widespread franchising. All but 29 stores are company owned. With Winchell's franchising brochure "just off the press," officials are targeting a modest 30 to 50 franchised units over the next 12 months. All will be in the West, where name recognition is high. With parent Denny's Inc. concentrating on expanding its El Pollo Loco concept, Winchell's will remain simply "a nice cash generator," Crawley said. Menu additions will include sandwiches and baked goods.

At Mr. Donut 65% to 70% of sales continue to come from doughnuts and fresh-brewed coffee. Rollouts of baked goods, such as biscuits, have netted about 12% of sales. No new products are scheduled for rollout next year.

The chain, though growing by 80 units in 1984 and 81 in 1985, maintains only one company store. Franchising will become more of a priority. Officials pulled the concept out of the Far West seven years ago, where per-capita consumption could not keep up with construction costs. Expansion will be limited to the 28 Eastern states where the chain now operates. The company recently sold rights to the Mr. Donut name and logo for Japan to Duskin Inc., a franchisee since 1970. The chain also operates in 10 foreign countries.

For Robert Rosenberg, chairman and chief executive of 1,418-unit Dunkin' Donuts, the "full-court press is on" in the form of new product introductions. The chain rolled out ice cream cookies and muffins in 1983, the latter now accounting for almost 5% of sales; a year later it introduced cookies and brownies, which bring in 2½% of sales, Rosenberg said. In December and January the chain introduced biscuits into 200 stores in the West. They account for 3% of sales.

This year the chain introduced its line of croissants into 600 units in the Northeast: plain, fruit-filled, almond and chocolate.

TOP SNACK CHAINS RANKED BY SYSTEMWIDE SALES

Top 100 Rank		Chain	Fiscal Year Ends	Systemwide Sales (By Fiscal Year, in Millions)		
1985	1984			Current	Last Full	Previous
8	7	**Dairy Queen**	Nov.	$1,520.0	$1,250.0	$1,300.0
26	25	**Dunkin' Donuts**	Oct.	594.0	532.1	475.8
31	29	**Baskin-Robbins**	Dec.	519.0	470.0	455.0
78	72	**Carvel**	Dec.	198.0	190.3	182.9
85	76	**Winchell's**	June	185.0	183.0	182.1
94	91	**Tastee Freeze**	Dec.	155.1	151.0	146.0
96	99	**Mister Donut**	Feb.	151.1	134.5	116.4

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales

Source: *NRN* research

TOP SNACK CHAINS RANKED BY NUMBER OF UNITS

Top 100 Rank*		Chain	Fiscal Year Ends	Number of Units (By Fiscal Year)		
1985	1984			Current	Last Full	Previous
5	4	**Dairy Queen**	Nov.	4,800	4,789	4,784
11	9	**Baskin-Robbins**	Dec.	2,565	2,500	2,339
18	17	**Dunkin' Donuts**	Oct.	1,418	1,359	1,291
28	25	**Winchell's**	June	860	866	865
29	27	**Carvel**	Dec.	860	842	828
34	33	**Mister Donut**	Feb.	737	656	576
41	36	**Tastee Freeze**	Dec.	595	598	620

*Ranking refers to Top 100 Chains: Ranked by Number of Units

Source: *NRN* research

TOP SNACK CHAINS RANKED BY SALES PER UNIT

Top 100 Rank*		Chain	Fiscal Year Ends	Sales Per Unit (By Fiscal Year, in Thousands)		
1985	1984			Current	Last Full	Previous
84	85	**Dunkin' Donuts**	Oct.	$437.6	$416.5	$391.6
89	89	**Tastee Freeze**	Dec.	325.0	300.0	225.0
92	92	**Dairy Queen**	Nov.	275.0	228.3	270.0
94	93	**Carvel**	Dec.	234.0	226.0	221.0
96	95	**Winchell's**	June	215.0	215.0	212.0
97	97	**Mister Donut**	Feb.	205.0	205.0	202.0
98	98	**Baskin-Robbins**	Dec.	202.4	188.0	194.5

*Ranking refers to Top 100 Chains: Ranked by Sales Per Unit

Source: *NRN* research

SNACK SEGMENT PRICE DATA

For Selected Chains

Chain	Average Per-Person Check (By Fiscal Year)			Annual Price Increases (By Fiscal Year)		
	Current	Last Full	Previous	Current	Last Full	Previous
Dairy Queen	—	—	—	3.5%	4.5%	5.0%
Dunkin' Donuts	—	—	—	2.5	2.5	2.5
Baskin Robbins	$3.00	$2.75	$2.00	6.0	6.0	4.0
Mr. Donut	—	—	—	2.0	2.0	2.0
Tastee Freeze	2.85	2.85	2.50	3.5	3.0	3.0
Winchell's	—	—	—	5.0	3.0	—

Source: *NRN* research

FOCUS NRN

Leading dinnerhouses working hard at retooling

By Rick Telberg

Many of the nation's leading dinnerhouse chains, recently chastened by surprisingly soft sales trends, are retooling at a furious pace to recapture consumers who are dining lighter and drinking less.

"You have to remember, though," said one ranking executive who was blindsided by suddenly fickle consumer tasters, "a chain of 10,000-sq.-ft. facilities cannot turn on a dime. It's going to take hard work for us to keep up with the patron."

By all the evidence, however, dinnerhouse chains are indeed working hard:

- Red Lobster, the seafood chain that dominates the dinnerhouse business, with about 370 restaurants and more than $800 million in sales, plans to resume physical expansion this year. About 25 newly retooled gray-and-blue units are due. But the chain has backburnered the most costly components of a planned facelift.
- Chi-Chi's, convinced it has eliminated the operational bugs in a fajitas rollout that squeezed margins, plans a tempered 30% expansion rate this year, partly with downsized buildings in existing markets, a strategy that has, at least temporarily, cannibalized sales in the past.
- El Torito, the granddaddy of the Mexican dinnerhouses, which so far has avoided Chi-Chi's missteps, is earning customer frequency with an increasingly sophisticated menu and is growing in new markets by converting acquired properties instead of building-to-suit.
- Bennigan's, its sales growth flattened last year by reduced alcohol sales, is garnering fatter food checks with newly broadened menus that feature Cajan cooking inspired by chef Paul Prudhomme of New Orleans.
- T.G.I. Friday's, which boasts the highest-grossing units in the business, is wrestling labor costs back into line after a year of frenetic expansion and softened traffic counts.
- Stuart Anderson's and Steak & Ale, mature old-line steer palaces that churn out profits like cash cows, are seeking sales gains by softening their edges for more casual-minded diners. Despite their matured concept, both are slated for heady expansion.

Red Lobster Reignites Expansion

With a new management structure in place that executives hope will foster entrepreneurial flexibility, Red Lobster, the flagship of the General Mills restaurant group, is emerging from a period of reconditioning in a newly spirited fighting mood.

It has dropped its long-running "For the seafood lover in you" ad pitchline for "There's never been a better time . . . or a better place . . . for seafood."

Executives believe the new theme stresses variety, freshness, service and ambience.

Sure to come is a boost in ad spending, which last year totaled $30 million on television, less than only McDonald's, Burger King's, Wendy's, Kentucky Fried Chicken's and Pizza Hut's.

In addition, the company is tinkering with a fast-food take-out version of Red Lobster subtitled Seafood Express, which apparently would build on the chain's plunge into party-platter sales last year.

New units, the first to come after a year's hiatus, are scheduled in cities as the chain seeks high-volume facilities.

On the agenda: Chicago, where Red Lobster boasts that 1 of every 2 residents eats at one of the 16 Red Lobsters at least once a year; New York, where one of the chain's highest-grossing units is located in an outer-borough shopping area; Cincinnati; Dallas; Atlanta; and Kansas City.

The stage for Red Lobster's renewed expansionism was set earlier this year, when division president Joe Lee said the units were staging a dramatic rebound earlier and at less cost than was expected last year, when a crash revitalization program was launched.

Lee said new training, menu expansion and advertising programs had been so effective that a remodeling program that included the addition of oyster bars and mesquite grills was slowed to half its planned rate.

He also said he would save about $40 million, which the General Mills division could redeploy into new concepts after the sale of three smaller chains.

Chi-Chi's Sees Rebound

After a year in which its earnings headed south from reduced sales and narrowed margins, executives at Chi-Chi's see all their sacrifices coming to fruition this year.

Chi-Chi's executives said they believe that clustering new units in existing markets can only help in the long run, and that the costly rollout of eight grilled beef and chicken dishes, which

(See DINNERHOUSES, page F36)

Chi-Chi's plans expansion with downsized buildings.

Bennigan's woos light drinkers with dinner.

TOP DINNERHOUSE CHAINS RANKED BY SYSTEMWIDE SALES

Top 100 Rank		Chain	Fiscal Year Ends	Systemwide Sales (By Fiscal Year, in Millions)		
1985	1984			Current	Last Full	Previous
16	14	Red Lobster	May	$938.8	$827.0	$775.0
38	43	Chi-Chi's	April	425.0	335.0	263.0
40	37	Bennigan's	May	420.0	375.0	343.8
42	44	T.G.I. Friday's	Dec.	373.8	333.5	278.9
46	57	El Torito	Dec.	332.6	250.1	210.7
52	51	Stuart Anderson's	June	303.7	276.7	254.2
55	52	Steak and Ale	May	288.3	275.0	264.2
62	58	Ground Round	Dec.	267.1	240.4	228.4
100	98	Brown Derby	Dec.	142.0	140.0	139.0

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales

Source: NRN research

TOP DINNERHOUSE CHAINS RANKED BY NUMBER OF UNITS

Top 100 Rank*		Chain	Fiscal Year Ends	Number of Units (By Fiscal Year)		
1985	1984			Current	Last Full	Previous
57	57	Red Lobster	May	395	370	367
74	82	Chi-Chi's	April	225	173	136
80	73	Ground Round	Dec.	210	215	225
81	81	Bennigan's	May	202	177	148
83	80	Steak and Ale	May	186	181	178
85	88	El Torito	Dec.	165	125	114
90	92	Stuart Anderson's	June	129	119	109
94	94	T.G.I. Friday's	Dec.	115	102	83
99	99	Brown Derby	Dec.	59	52	59

*Ranking refers to Top 100 Chains: Ranked by Number of Units

Source: NRN research

TOP DINNERHOUSE CHAINS RANKED BY SALES PER UNIT

Top 100 Rank*		Chain	Fiscal Year Ends	Sales Per Unit (By Fiscal Year, in Thousands)		
1985	1984			Current	Last Full	Previous
5	4	T.G.I. Friday's	Dec.	$3,250.0	$3,270.0	$3,360.0
8	9	Stuart Anderson's	June	2,700.0	2,500.0	2,500.0
9	8	Brown Derby	Dec.	2,540.0	2,520.0	2,370.0
12	14	Red Lobster	May	2,380.0	2,235.0	2,120.0
13	13	Bennigan's	May	2,350.0	2,250.0	2,250.0
14	16	El Torito	Dec.	2,197.0	2,133.0	1,946.0
15	15	Chi-Chi's	April	2,175.0	2,180.0	2,190.0
21	22	Steak and Ale	May	1,520.0	1,500.0	1,480.0
28	30	Ground Round	Dec.	1,272.0	1,118.0	1,015.0

*Ranking refers to Top 100 Chains: Ranked by Sales Per Unit

Source: NRN research

DINNERHOUSES

'We're racing, expanding on the East Coast to define our Mexican food concept as the way to do it.'

(Continued from page F35)

required added kitchen equipment, could turn profitable this year.

"Store sales declines have moderated and are beginning to improve," said chairman and chief executive Shelly Frank in releasing the Louisville, Ky., company's year-end financial report.

Wayne Jones, new senior vice president of marketing, added: "Clustering is the best strategy of ensuring your long-term growth. I'd rather compete against myself for several years than against others trying to establish presence in a market."

A new advertising campaign, Jones said, touts Chi-Chi's "chiesta," which is "a Chi-Chi's style fiesta that speaks to freshness and quality."

El Torito Races Eastward

El Torito, the California-based Mexican dinnerhouse contender, has staked out the East Coast for expansion, after staving off Chi-Chi's advance into California and shying away from the Midwest, where Chi-Chi's defined Mexican food.

"We're racing," said Mike Casey, El Torito's executive vice president. "We're expanding aggressively on the East Coast to define our Mexican concept as *the* way to do it."

El Torito, which has franchised in only New York and Alaska, where special expertise is required, was buttressed last year by the acquisition of 24 Casa Maria Mexican dinnerhouses from Marriott Corp.

Those are now being methodically converted to El Torito concepts, which operates Mexican dinnerhouses under a variety of banners to avoid sales cannibalization.

But in its core markets, El Torito competes against the gamut of dinnerhouses. "Our customer base is very similar to a T.G.I. Friday's or a Bennigan's or a Houlihan's," Casey said.

Bennigan's Goes Cajun

Lane Cardwell, vice president of strategic planning at the Pillsbury Co. division that runs Bennigan's, agreed with El Torito's Casey.

"In the casual dining segment,' Cardwell said, "our customers are less driven by traditional meal periods. There's more reflexive, more impulsive buying.

"We do notice, if not a decline in traditional dinnerhouses, then an increase in casual-dining establishments," said Cardwell at S&A Restaurant Corp., which also operates the Steak & Ale chain.

Steak & Ale, he said, continues to "deformalize" by eliminating costumes for its service staff, brightening the interiors with more light, using less intimidating ornaments and, for the past five years, dropping the coat-and-tie rule.

The difference between a Bennigan's-style establishment and a Steak & Ale-style restaurant was drawn neatly when Cardwell noted that Bennigan's customers return two to three times a week while a Steak & Ale patron comes two to three times a month.

"In the long run," Cardwell said, "the growing percentage of two-income households, the time constraints that creates and the income it generates, will translate into increased frequency."

Bennigan's is rolling out its Cajun entrées as part of "the ethnicization of American food," in Cardwell's terms. "We can follow food trends very easily," he noted.

T.G.I. Friday's Eyes Diversification

Perhaps no mere coincidence, T.G.I. Friday's, which is Bennigan's chief rival, is considering a Cajun counter attack of its own, according to president and chief executive Daniel Scoggin.

He indicated recently that T.G.I. Friday's, which made fern bars into theme-restaurants, is toying with a menu line in "the blackened area," as in New Orleans-style blackened redfish.

The company is also developing a new 8,300-sq.-ft. downsized building that features a smaller kitchen.

But T.G.I. Friday's march to become a multibillion-dollar company hinges on the development of other concepts.

Dalts, a chain headed for 20 units next year, picks off a market priced about $3 less than the typical T.G.I. Friday's niche.

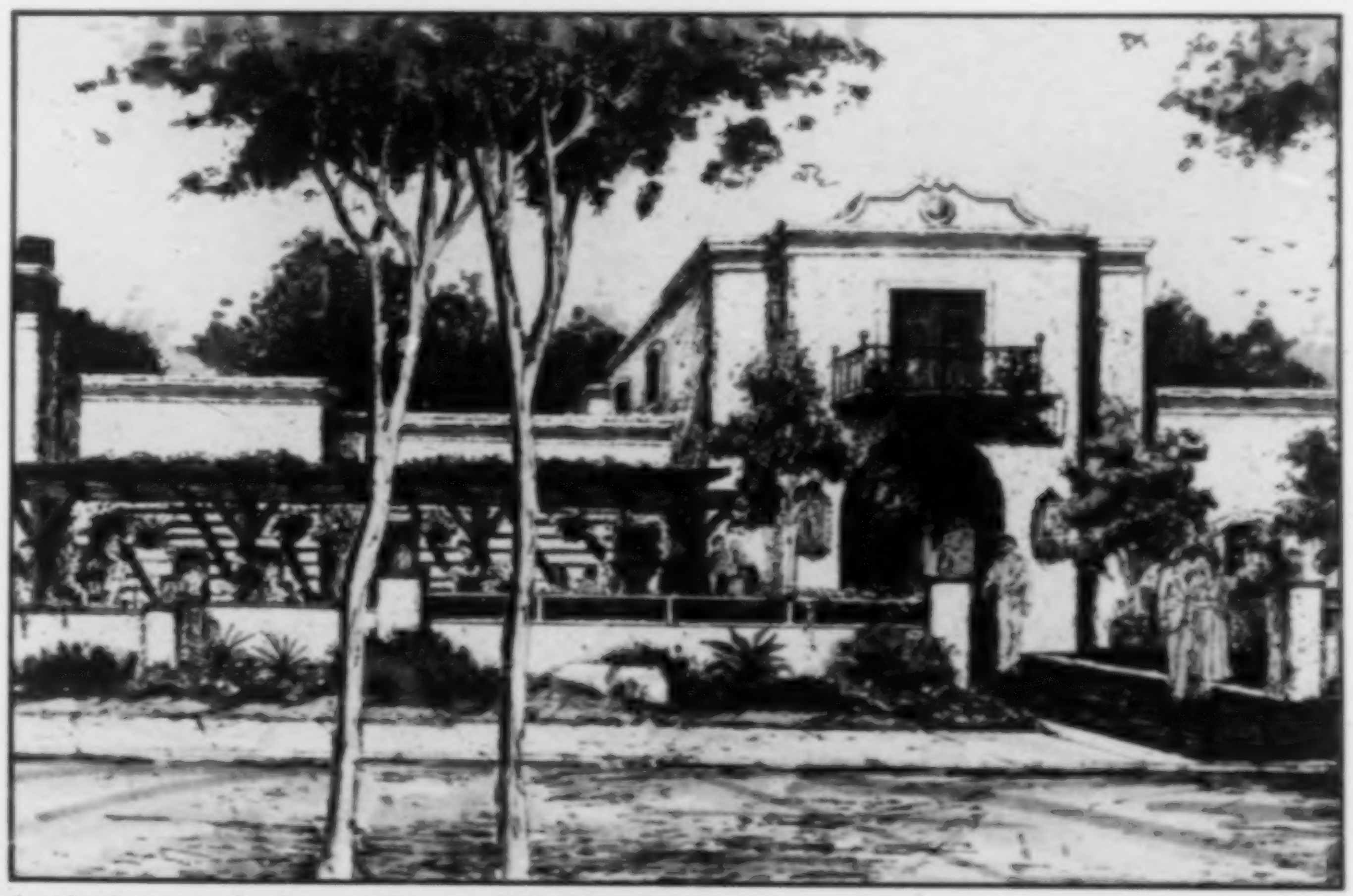
DINNERHOUSE SEGMENT PRICE DATA

For Selected Chains

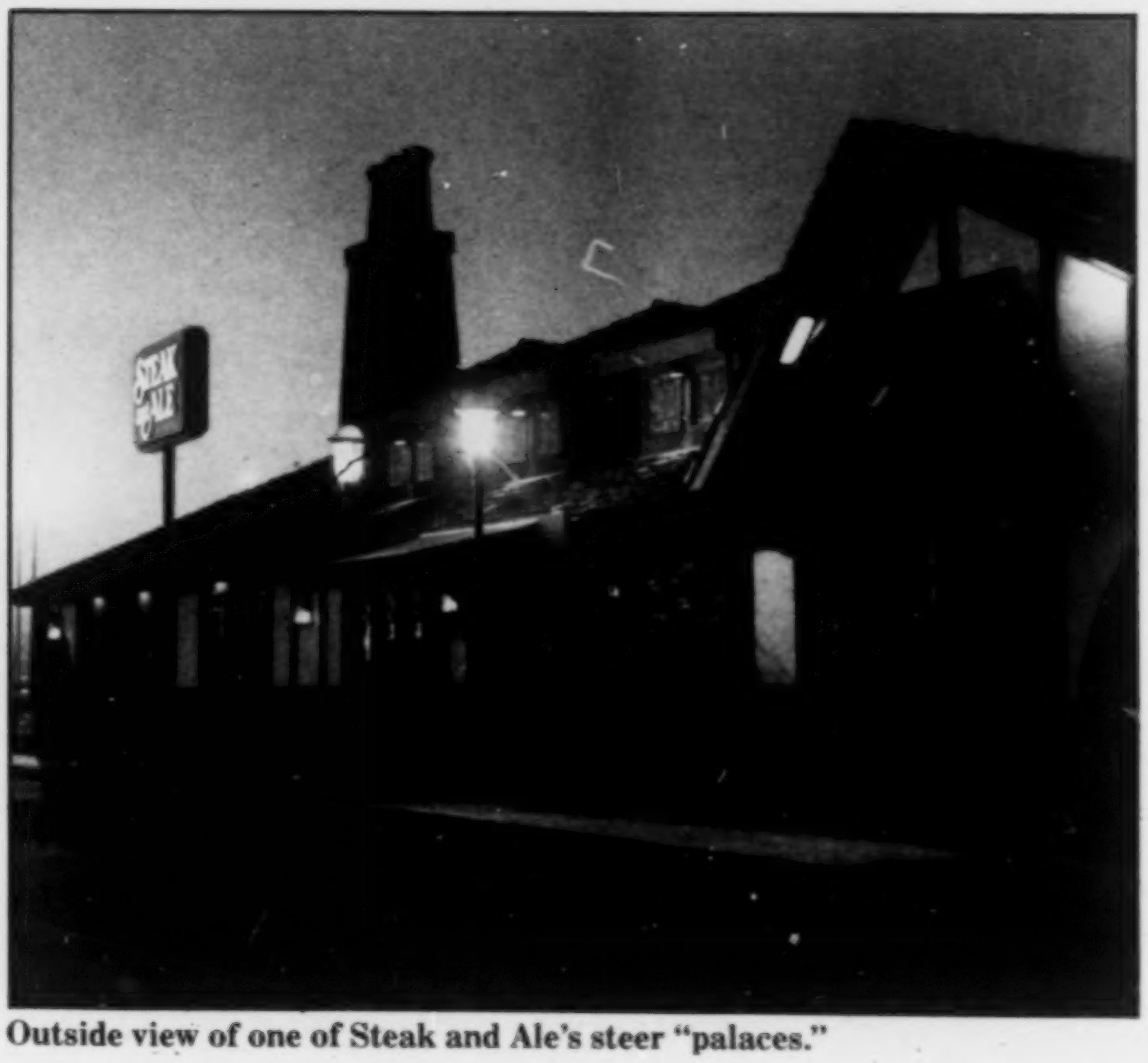
	Average Per-Person Check (By Fiscal Year)			Annual Price Increases (By Fiscal Year)		
Chain	**Current**	**Last Full**	**Previous**	**Current**	**Last Full**	**Previous**
Red Lobster	$11.00	$10.50	$10.00	2.6%	5.3%	—
Chi-Chi's	8.95	8.85	8.78	4.0	1.0	3.0%
Bennigan's	8.40	8.00	7.62	5.0	5.0	5.0
T.G.I. Friday's	10.25	9.95	9.65	3.0	3.0	3.0
El Torito	10.97	10.45	9.89	5.0	5.7	2.6
Steak & Ale	13.51	13.00	12.53	3.9	3.9	3.9
El Chico	5.82	5.76	5.69	1.0	1.0	0.0

Source: *NRN* research

T.G.I. Friday's boasts the highest-grossing outlets in the business.



Artist's rendering of an El Torito



Outside view of one of Steak and Ale's steer "palaces."

Family restaurant chains eye broader market bases

Encouraged by demographic forecasts of continued growth in the ranks of the mature adults who are their most loyal and affluent customers, the nation's coffee shop-family restaurant chains are cautiously seeking broader market bases through a host of repositioning schemes.

Upgraded and higher-ticket dinner offerings, pie bakery retrofits, regionalized menus and the apparent desire of some chains to rid themselves of their traditional "vanilla" images figure as some of the strategic factors currently shaping the segment's future.

But restraint is tempering the marketing outreach of coffee shop chains. Though many competing concepts are seeking to distinguish their brand identities through unique menu offerings or atmospheres, most players remain mindful that a conservative, homogeneous, middle-of-the-road image has been the historic basis for coffee shops' mass-market appeal.

Some executives of major coffee shop-family restaurant chains cite their marketing-budget superiorities as the basis for market-share gains they have purportedly made at the expense of weaker independents—who account for an estimated 80% to 85% portion of the $35 billion coffee shop segment.

Other analysts, however, see a trend toward "disintegration" or further "nonconsolidation" in that relatively small portion of the overall coffee shop market that is controlled by the big chains.

Symbolic of this trend, some said, is the growing, high-per-store-volume Shoney's chain. With exceptionally strong field and unit management characteristics that bigger chains often lack and with a solid base in the South, Shoney's became poised for broader expansion when it severed its franchise bonds to the Marriott Big Boy system.

As they struggle to maintain some semblance of their historic growth profiles, the Denny's and the Big Boys are left to envy those few fast-food chains that thoroughly dominate their respective category. Coffee shop chains big and small are feeling ongoing pressure from the fast feeders, which remain more agile in their responses to market trends while they steadily carve inroads into the total share of consumer spending for all day parts, especially breakfast.

Already the least able of all segment leaders to dominate their particular market, the big coffee shop chains are doing some heavy soul searching over just how to maintain what grasp they have.

The jury is still out on whether Marriott's concessions of territories and operating restaurants to rebellious and litigious Big Boy franchisees—and the company's other efforts to unify its chain since the defection of Shoney's and Elby's—will foster long-lasting growth synergy.

Debt-saddled Denny's, vowing that it will not lose its numerical edge as segment leader, has had to curb the longstanding acquisition—conversion appetite that gave it 22% of its current chain. Along with pledging its assets to cover $753 million in LBO debt, Denny's has paid the additional price of constraint—from bidding against Vicorp on the lucrative remnants of Sambo's or perhaps from tilting with ex-Diversifoods president Donald N. Smith for part of the 80% stake in Perkins being spun off by Holiday Corp. Or from vying meaningfully for a share of the Howard Johnson's coffee shop fleet that is up for sale.

Though it claims to have already paid off $50 million of its LBO debt ahead of schedule, Denny's may be out of contention for quantum market-consolidation moves for some time—forced instead to struggle from square one with its new franchising expansion strategy as it reportedly considers the expeditious unloading of certain of its assets and the layoffs of hundreds of workers.

Similarly, Vicorp has had to stop buying up other chains while it eats the high costs of assimilating its Sambo's purchase and converting it to the Baker's Square and Village Inn concepts. But while Vicorp's management has financially conceded 1985 as a no-growth year for earnings, the company is buoyed in its long-range outlook by early signs of success in initial conversions of Sambo's units—many of them the defunct chain's historically best stores.

In California, where Vicorp is opening Baker's Square pie bakery-coffee shop conversions at the rate of about one a week, chains like Coco's and Denny's have responded with a handful of their own pie-department retrofits—Coco's as the first phase of planned chainwide additions and Denny's one-store retrofit in La Mirada as a test only. "We're pushing them

*(See **FAMILY**, page F42)*

TOP FAMILY RESTAURANT CHAINS RANKED BY SYSTEMWIDE SALES

Top 100 Rank		Chain	Fiscal Year Ends	Systemwide Sales (By Fiscal Year, in Millions)		
1985	1984			Current	Last Full	Previous
10	10	**Big Boy**	Dec.	$1,210.0	$1,100.0	$1,400.0
13	12	**Denny's**	June	1,164.8	1,060.0	975.0
27	27	**Shoney's**	Oct.	590.0	514.3	424.5
35	33	**Friendly Ice Cream**	Dec.	473.3	427.1	383.5
37	32	**Howard Johnson's Restaurant**	Oct.	460.5	438.4	434.6
57	49	**Perkins**	Dec.	285.0	283.0	270.0
66	60	**International House of Pancakes**	Dec.	241.0	230.5	214.3
71	85	**Po Folks**	Sept.	222.0	159.4	90.0
82	86	**Village Inn**	Oct.	189.0	157.3	143.0

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales

Source: *NRN* research

TOP FAMILY RESTAURANT CHAINS RANKED BY NUMBER OF UNITS

Top 100 Rank*		Chain	Fiscal Year Ends	Number of Units (By Fiscal Year)		
1985	1984			Current	Last Full	Previous
20	19	**Denny's**	June	1,239	1,140	1,038
23	22	**Big Boy**	Dec.	1,018	925	1,250
32	29	**Friendly Ice Cream**	Dec.	750	710	669
40	35	**Howard Johnson's Restaurant**	Oct.	612	600	811
44	41	**Waffle House**	Dec.	567	523	486
50	52	**Shoney's**	Oct.	498	433	458
52	47	**International House of Pancakes**	Dec.	464	459	458
63	61	**Perkins**	Dec.	312	312	309
64	76	**Village Inn**	Oct.	275	200	182
67	68	**Country Kitchen**	Dec.	260	242	268

*Ranking refers to Top 100 Chains: Ranked by Number of Units

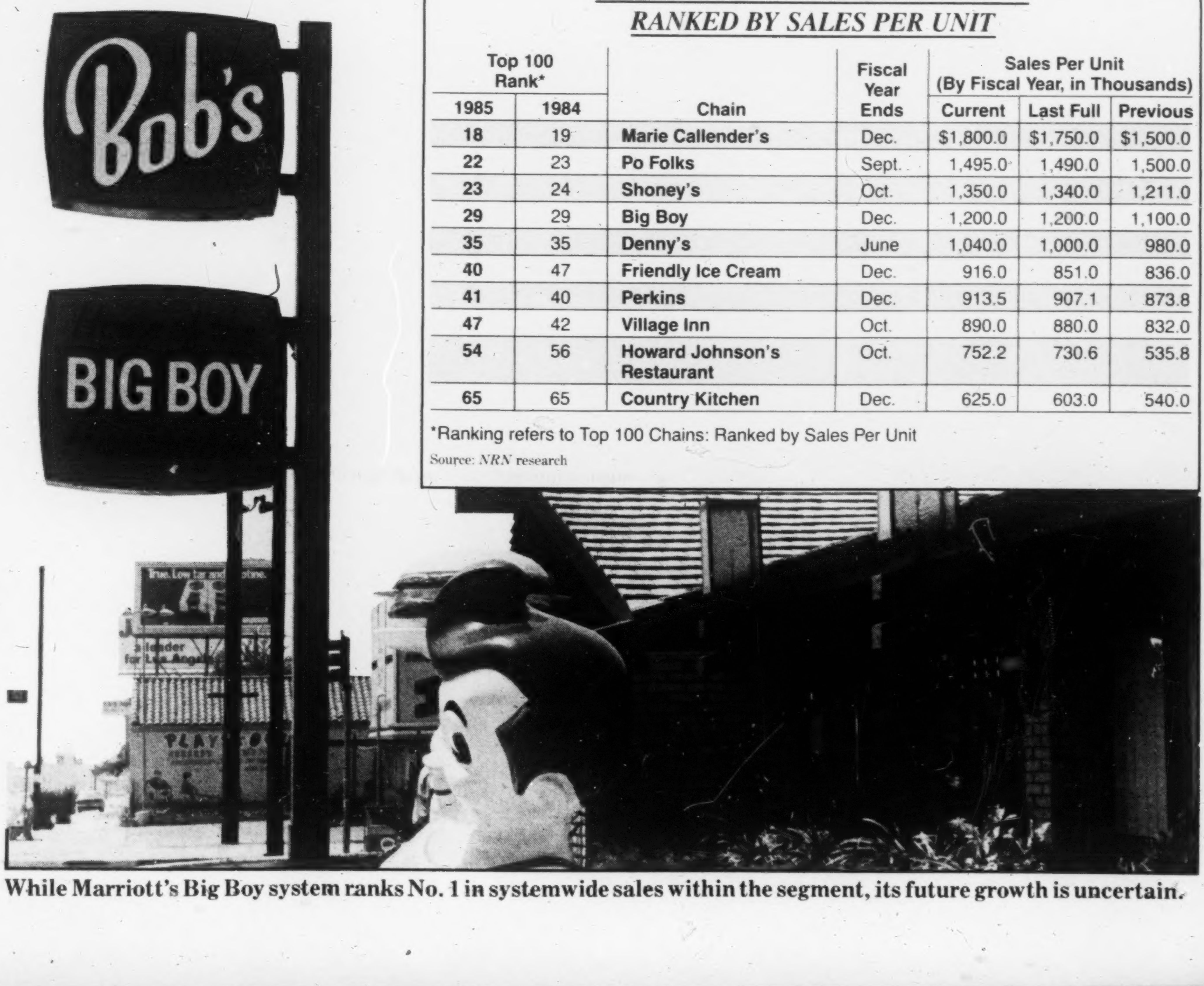
Source: *NRN* research

TOP FAMILY RESTAURANT CHAINS RANKED BY SALES PER UNIT

Top 100 Rank*		Chain	Fiscal Year Ends	Sales Per Unit (By Fiscal Year, in Thousands)		
1985	1984			Current	Last Full	Previous
18	19	**Marie Callender's**	Dec.	$1,800.0	$1,750.0	$1,500.0
22	23	**Po Folks**	Sept.	1,495.0	1,490.0	1,500.0
23	24	**Shoney's**	Oct.	1,350.0	1,340.0	1,211.0
29	29	**Big Boy**	Dec.	1,200.0	1,200.0	1,100.0
35	35	**Denny's**	June	1,040.0	1,000.0	980.0
40	47	**Friendly Ice Cream**	Dec.	916.0	851.0	836.0
41	40	**Perkins**	Dec.	913.5	907.1	873.8
47	42	**Village Inn**	Oct.	890.0	880.0	832.0
54	56	**Howard Johnson's Restaurant**	Oct.	752.2	730.6	535.8
65	65	**Country Kitchen**	Dec.	625.0	603.0	540.0

*Ranking refers to Top 100 Chains: Ranked by Sales Per Unit

Source: *NRN* research



While Marriott's Big Boy system ranks No. 1 in systemwide sales within the segment, its future growth is uncertain.

FAMILY RESTAURANTS

'Debt-saddled Denny's has had to curb its longstanding acquisition/ conversion appetite.'

(Continued from F40)

faster than they might have wanted," claimed Mary Hacking, Vicorp marketing vice president.

Buck Fredrickson, Vicorp president, credited southern California-based Marie Callender's with the creation of a California "pie culture that doesn't exist elsewhere." The first 20 Baker's Squares to open on the West Coast have averaged sales of more than $20,000 a week without full-blown advertising—and with pie-take-out sales so far running only about 1/3 of the chain's Midwest pie-to-go volume.

"We seem to be finding a niche; I don't know if it's at anyone's expense, but our initial unit volumes are gratifying, to say the least," remarked Fredrickson.

In Midwest, Florida and Arizona markets, Vicorp is repositioning its Village Inn chain away from a pancake-house image to that of a "family restaurant-bakery." New products, mostly salads and the Baker's Square baked-goods lineup, have boosted the volumes of revamped Village Inns by 10% and higher, without price increases. The recent launch of a breakfast daypart in Midwest Baker's Square outlets has also reportedly yielded "phenomenal" results for Vicorp.

But as fast feeders score most of the incremental points being racked up from the industrywide breakfast-market surge, coffee shop chains are recognizing dinner as a key daypart having what may be the greatest potential for growth.

Denny's has pinned high hopes on its anticipated fall rollout of regional American dinner specialties, following the addition of several upgraded dinner offerings throughout the chain this past spring.

Struggling to build momentum, IHOP Corp. has cleverly merchandised new dinners from what was a negligible contribution just a few years ago into about 15% of its current sales mix. Marketing vice president Stephen Petisse now calls dinner "a respectable percentage of the business."

Bob Evans Farms, beginning to leap-frog into the Florida and Georgia Sunbelt after achieving exemplary success on its rust belt-frost belt home turf, has moved upscale with its new dinner program.

Opting away from a "meatloaf-and-stew approach" to dinner, Bob Evans Restaurants have raised their pricing structure from a top end of $5.45 to a new high-ticket limit of $7.95 (for a 10-oz. rib-eye steak—one of its popular new pork-chicken-fish-steak charbroiled dinners).

Shoney's South, though its breakfast bar has fueled a good deal of its growth in the last two years, has turned much of its attentions to dinner promotions, such as that of all-you-can-eat shrimp.

In addition to menu enhancements, chains are continuing to make cost-effective improvements to their physical plants. Although most of Milwaukee-based Marcus Corp.'s 63 Marc's Big Boy units have had to endure flat sales patterns recently, a dozen Marc's outlets have boosted sales by more than 25% from greenhouse remodelings.

Accepted wisdom seems to hold that fast food is one of the biggest threats to the coffee shop segment. But there are those industry pundits—considering that the hamburger remains a coffee shop menu staple of major significance—who see threats looming from another direction.

These seers believe that if the so-called upscale or gourmet hamburger segment ever congeals and penetrates more markets, then atmosphere-rich burger-specialty concepts like Chili's and Red Robin—offering full bars just like a growing number of Denny's—could pry away lots of potential and current coffee shop traffic.

Marriott's Los Angeles-market Big Boys and Friendly may have already begun to address that possible scenario by installing large, heavily dressed specialty burgers on their latest menus. Marriott has launched its new "Juicy Giants" selection on the heels of Friendly's rollout of $2.85 ½-lb. sirloin burgers, sold with a variety of cheeses and toppings.

FAMILY RESTAURANT SEGMENT PRICE DATA

For Selected Chains

	Average Per-Person Check (By Fiscal Year)			Annual Price Increases (By Fiscal Year)		
Chain	**Current**	**Last Full**	**Previous**	**Current**	**Last Full**	**Previous**
Denny's	—	—	—	3.0%	3.0%	3.0%
Shoney's	—	—	—	1.60	6.3	3.9
Int'l House of Pancakes	—	$3.50	$3.50	2.0	1.5	2.0
Po Folks	$3.69	3.62	3.58	2.0	1.0	—

Source: *NRN* research

Above, latest exterior design of International House of Pancakes unit. Below, typical Shoney's coffee shop.

Inside the kitchen at a Denny's unit.

FOCUS | NRN

Family steakhouses expanding menu offerings

By Ken Frydman

Family steakhouse chains are diversifying their menus by adding chicken and fish entrées, sandwiches and elaborate salad bars in an effort to widen their market base to include nonred meat consumers.

The market's big guns—Bonanza and Ponderosa—are leading the metamorphosis from the old "meat and potatoes" days of yesterday to the well-rounded menu times of today.

Bonanza's 60-item Freshtastiks food bar signaled the first real move toward segment reorientation—from budget steakhouses to family steakhouses—two years ago. Since then, Ponderosa has followed suit with its own systemwide version, a salad and breakfast buffet.

And where Ponderosa and Bonanza lead, Western Sizzlin', Sizzler, Golden Corral, Mr. Steak, Quincy's, York and Western Steer are sure to follow.

"We're all trying to appeal to families who want more than steak and potatoes," said Tom Buckley, executive vice president of finance of USACafes, the 575-unit Bonanza's parent company. "And that means adding lighter, more healthful items like fish and chicken to our menu line."

Quincy's, which has grown from eight units in 1977 to more than 200 today, is currently testing fried chicken strips as well as chicken and seafood entrées.

"The consumer dictates the evolution of menu items, so we're always working with new products," said Charles Bradshaw, chairman of the board of Spartan Food Systems, Quincy's parent company and a division of Trans World Corp. "If these test items fit into our operating mode, we'll add them systemwide," he added.

Ted Fowler, president of the 436-unit Golden Corral chain, saw the "evolution continuing among family steakhouse operations. Everyone is upgrading the quality of their meats and other products."

Golden Corral's own evolution is continuing on schedule, according to Fowler. The chain has added 90 new stores since 1984 and is "looking for a record year of $275 million in systemwide sales during fiscal 1985," he said.

Western Steer Mom 'n' Pop's has also gotten into the act. The 187-unit chain projected a record year for revenues ($41.2 million) and net earnings ($1.368 million) in fiscal 1986.

"We're evolving into a more family-style concept," said Jack Harmon, Western Steer's vice president of administration. "We don't serve alcohol, and we're running a real streamlined ship here that we'll benefit from.

Ponderosa is also in the midst of streamlining itself, following a $3 million loss in the last quarter of fiscal year 1985. The most dramatic restructuring has come in the internal executive ranks, where former vice president and treasurer James E. Thompson has replaced Donald R. Jackson, who recently resigned as chief financial officer of the chain.

"We've removed a layer in the chain of command to reduce the amount of paperwork and bureaucracy as much as possible," Thompson said.

Calling Ponderosa's disastrous 1985 fourth quarter a "fact of life," Thompson attributed it to a soft steakhouse market and "prolonged and severe pe-

*(See **FAMILY STEAKHOUSES**, page F50)*

PONDEROSA
STEAK DINNER

Ponderosa, above, and Bonanza are leading the metamorphosis from the old "meat and potatoes" days of yesterday to the well-rounded menu times of today by adding salad bars and even breakfast to their offerings.

TOP FAMILY STEAKHOUSE CHAINS RANKED BY SYSTEMWIDE SALES

Top 100 Rank		Chain	Fiscal Year Ends	Systemwide Sales (By Fiscal Year, in Millions)		
1985	1984			Current	Last Full	Previous
23	20	Ponderosa	Feb.	$662.5	$694.7	$595.9
32	36	Western Sizzlin'	Oct.	500.0	400.0	300.0
34	34	Bonanza	Sept.	475.0	425.0	386.0
58	69	Golden Corral	Dec.	275.0	205.0	172.0
75	79	Quincy's	Dec.	209.9	174.9	138.3
79	74	Western Steer	Feb.	196.6	187.3	179.0
97	95	Mr. Steak	Dec.	147.0	148.0	170.0
99	97	York Steak House	May	142.9	141.9	139.8

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales

Source: *NRN* research

TOP FAMILY STEAKHOUSE CHAINS RANKED BY NUMBER OF UNITS

Top 100 Rank*		Chain	Fiscal Year Ends	Number of Units (By Fiscal Year)		
1985	1984			Current	Last Full	Previous
36	32	Ponderosa	Feb.	670	656	640
37	43	Western Sizzlin'	Oct.	640	510	475
38	37	Bonanza	Sept.	620	575	550
54	58	Golden Corral	Dec.	436	346	286
76	78	Quincy's	Dec.	218	198	163
77	75	Western Steer	Feb.	217	205	177
78	72	Mr. Steak	Dec.	215	217	248
91	87	York Steak House	May	127	129	130

*Ranking refers to Top 100 Chains: Ranked by Number of Units

Source: *NRN* research

TOP FAMILY STEAKHOUSE CHAINS RANKED BY SALES PER UNIT

Top 100 Rank*		Chain	Fiscal Year Ends	Sales Per Unit (By Fiscal Year, in Thousands)		
1985	1984			Current	Last Full	Previous
32	32	York Steak House	May	$1,125.0	$1,100.0	$1,075.0
36	34	Ponderosa	Feb.	988.8	1,007.0	857.3
37	39	Quincy's	Dec.	960.0	951.0	957.0
42	43	Western Steer	Feb.	906.0	871.9	844.0
46	50	Western Sizzlin'	Oct.	900.0	800.0	700.0
50	51	Bonanza	Sept.	840.0	780.0	734.0
55	57	Golden Corral	Dec.	750.0	720.0	705.0
61	60	Mr. Steak	Dec.	684.0	682.0	685.0

*Ranking refers to Top 100 Chains: Ranked by Sales Per Unit

Source: *NRN* research

FAMILY STEAKHOUSES

Bonanza, a leading steakhouse, has 'lightened and brightened' its units physically as well as menu-wise.

(Continued from page F47)

riods of snow and extreme cold" in the company's primary Midwest trading area. High startup costs from the systemwide rollout of breakfast-salad bars also contributed to the loss.

Meanwhile, Ponderosa is expanding its overseas base of operations in England, Singapore and Taiwan, The Republic of China. "We also want to add 50 domestic Ponderosa's this year and 500 franchises over the next six years," said Dale Ridenour, the company's assistant treasurer.

Ponderosa's prime competitor, Bonanza, is "continuing to work on new products like a sandwich line" but will not mimic Ponderosa's breakfast buffet concept, according to Buckley.

"We think breakfast taxes the unit too much, putting strain on management and labor. We're not even considering adding a breakfast period," Buckley said.

While the evolutionary process continues in the family steakhouse segment, it is nearly complete at Bonanza, which has "lightened and brightened" its units physically as well as menu-wise, Buckley said.

"We think Freshtastiks led the way in the steakhouse segment change. Chicken, fish and sandwiches are just logical followups," Buckley said.

Mr. Steak, Western Sizzlin' and Sizzler are all testing with lighter, more nutritious menu items. "We're constantly exploring different items to add to the menu," said E. J. Maddocks, a spokesman for Western Sizzlin'.

FAMILY STEAKHOUSE SEGMENT PRICE DATA

For Selected Chains

	Average Per-Person Check (By Fiscal Year)			Annual Price Increases (By Fiscal Year)		
Chain	**Current**	**Last Full**	**Previous**	**Current**	**Last Full**	**Previous**
Ponderosa	$4.70	$4.56	$4.52	—	—	—
Sizzler	6.85	6.58	6.33	3.0%	3.0%	3.0%
Western Sizzlin'	7.00	6.75	6.25	2.0	2.0	2.0
Bonanza	5.00	4.85	4.75	1.5	1.5	6.5
Quincy's	4.80	4.92	4.76	0.5	5.0	2.7
Western Steer	4.70	4.65	4.60	0.0	0.0	0.0
York Steak House	4.70	4.70	4.49	0.0	2.3	3.0

Source: *NRN* research

Sizzler picks up steam, continues repositioning program

LOS ANGELES — Over the next two years, Sizzler Restaurant International plans to convert to Sizzlers 62 of the 100 Rustler's it acquired earlier this year for $15 million to $20 million from Tenly Enterprises.

Sizzler, which began its repositioning program two years ago, is in many ways the leader in the evolution. In fact, company executives claimed that they have moved the chain so far away from the traditional budget steakhouse format that it no longer competes with the likes of Ponderosa and Bonanza.

he 38 unconverted Rustler's will be either leased, sold or converted to Josephina's, Ed Debevic's or Gino's Easts, other restaurant concepts owned by Sizzler's parent company, Collins Foods International.

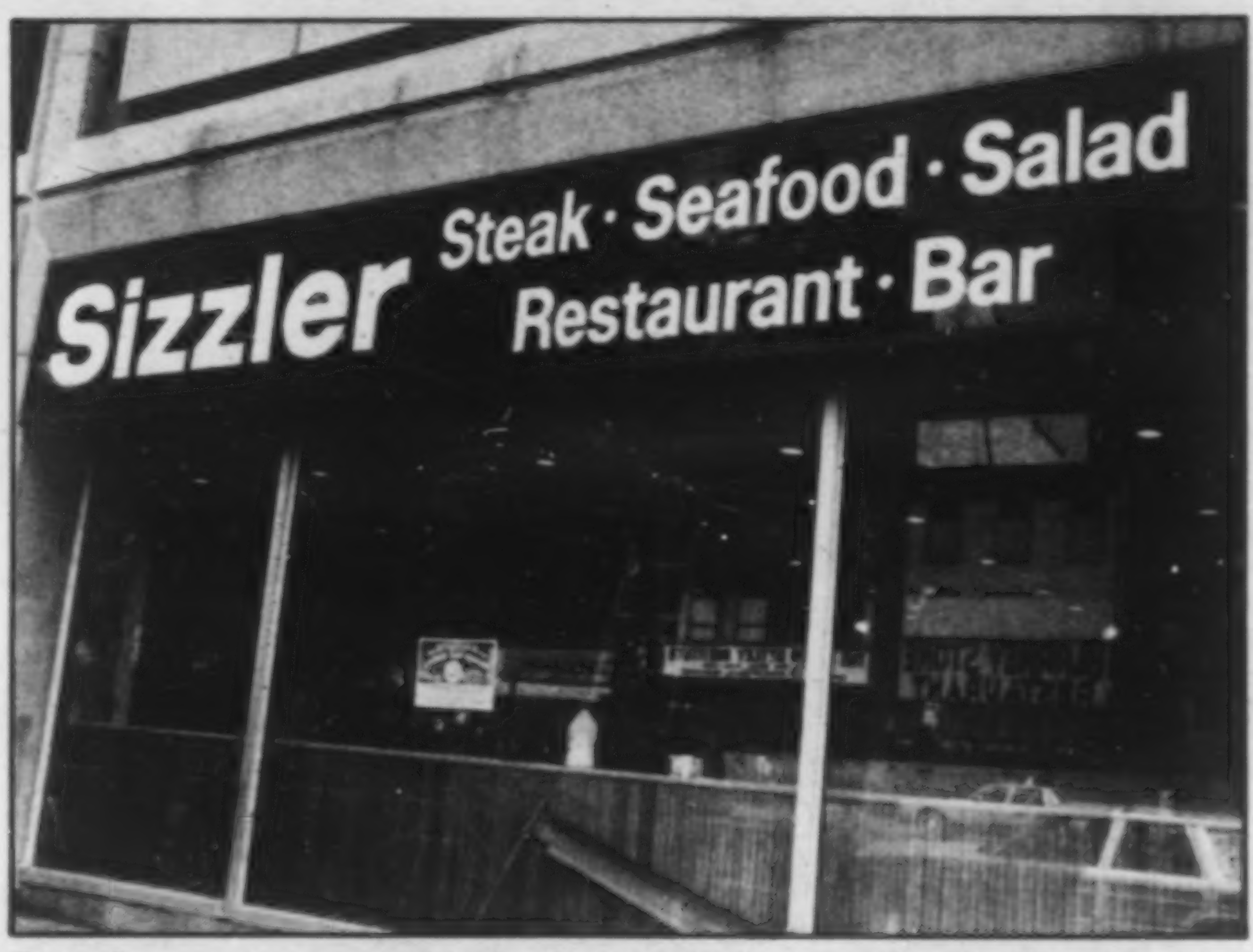
Four of the acquired Rustler's are in the process of being converted to Sizzler's, at a cost of $350,000 per unit, according to James McGinnis, Sizzler's vice president of administration. Eventually, 49 of the conversions will be company-owned and operated and the remainder franchised, he added.

Sizzler opened approximately 25 of 36 projected new units in the fiscal year ended April 30, for a net increase of 14 restaurants and a grand total of 465. Among the outlets sold or closed last year were the company's Emma's Taco House chain concept, which has been phased out.

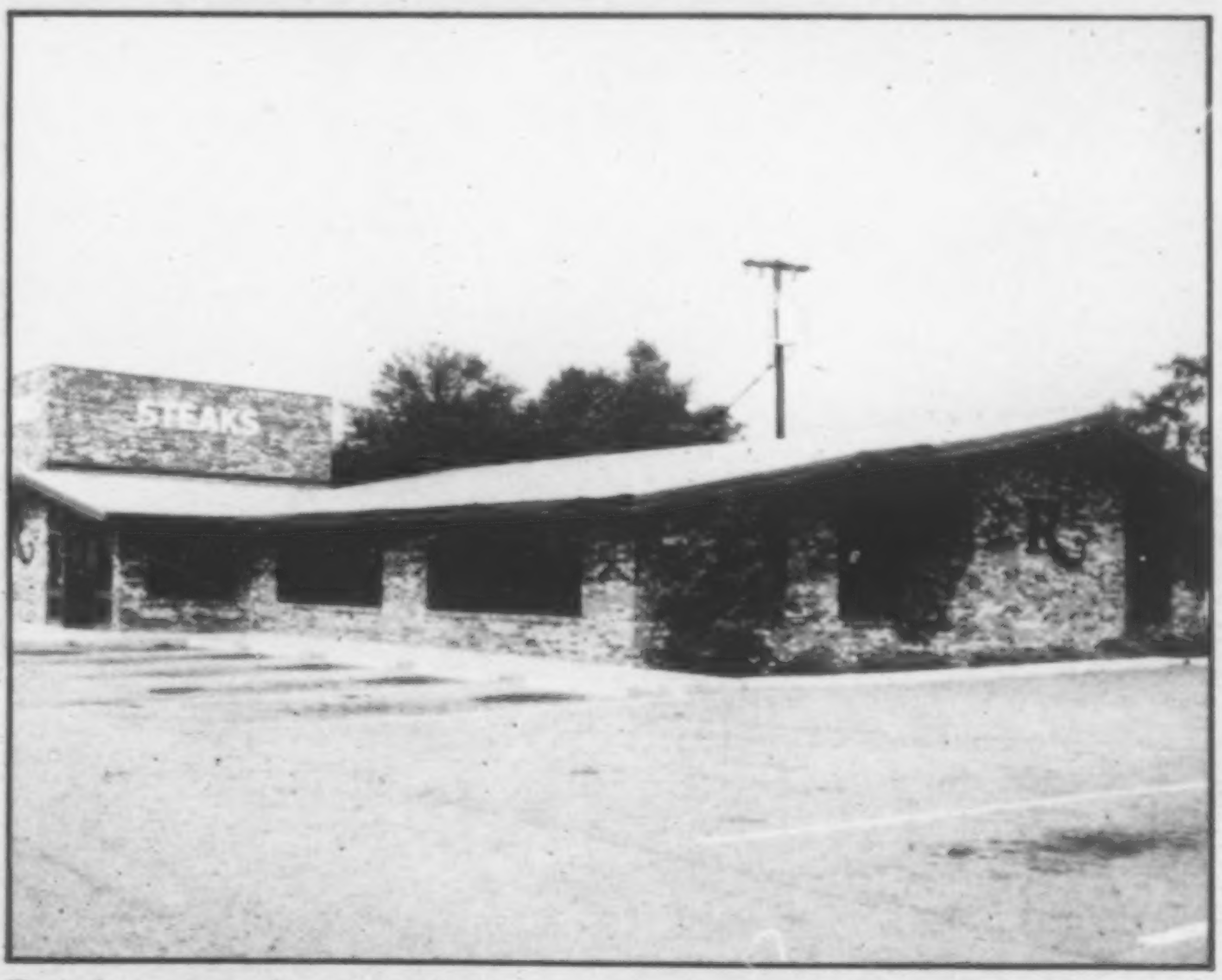
Most of Sizzler's available cash reserve was spent on the Tenly acquisition. Tom Gregory, Sizzler's president, was reportedly attracted to Tenly because of the conversion possibilities of its Rustler units, which averaged per-store sales of approximately $800,000 last year.

Company stores in the 70% franchised Sizzler system generate average annual sales of more than $1 million each, on average per-person checks of $6.65.

A two-year repositioning of the Sizzler concept, concluded last year, elevated the chain from the budget steakhouse segment into a limited-service, steak, seafood and salad niche.



Over the next two years, Sizzler Restaurant International will convert 62 of its acquired 100 Rustler's to Sizzler units.



Ryan's new product introductions include char-broiled chicken, broiled salmon and shrimp and fried fillet of flounder.

Ryan's vying with larger chains introduces lighter fare on menu

GREENVILLE, S.C. — The 40-unit Ryan's family steakhouse chain is following in the footsteps of its bigger rivals. Though still too small to make the Top 100, it represents the trends in the family-steakhouse business.

Ryan's has introduced a new product line geared toward health- and nutrition-conscious customers. Preceding Ryan's menu diversification, Bonanza, Ponderosa, Golden Corral, Western Steer, Mr. Steak and Quincy's all added lighter, more healthful items to their menus.

Supported by a limited advertising campaign, Ryan's new product introduction includes char-broiled chicken, broiled salmon and shrimp and fried fillet of flounder. The 30-item, self-ser-vice salad and soup bar costs $1.69 when it accompanies any entrée.

However, Ryan's menu diversification does not portend an entirely new direction for the eight-year-old chain. "The bulk of our business is still steak," said a spokesman for the chain. "Plenty of people out there still want meat and potatoes."

The publicly held Ryan's, which operates almost exclusively in Southeastern states, such as Kentucky, Tennessee and Georgia, had another reason for introducing the new products to its old menu line.

"The high utilization rate of our stores tended to keep same-store growth low in 1984, so we're trying to stimulate them with the new menu items," the spokesman explained.

Ryan's 17 new units are expected to boost revenue to approximately $50 million this year.

Cafeteria chains implement new, varied strategies

After a year marked by severe winter weather, the closing of 13 unprofitable Morrison units and the apparent demise of Duff's as a major player, cafeteria chains are refocusing on operations and testing new concepts for possible expansion.

"If it's a normalized year as far as weather is concerned, customer counts will be up," said Wall Street analyst Berton Seltzberg of Smith Barney. "With food costs and labor holding steady, it should be a good year for the cafeteria industry."

Among the major changes expected this year:

- Piccadilly is installing computers in all 100 units to keep better track of line speed, customer counts and food costs.
- Morrison is set to open a renovated Atlanta unit that it has dubbed "the cafeteria of the future." The experimental unit will feature exhibition grilling, an out-front bakery, deli cases and a new decor.
- Duff's, whose parent company is operating under Chapter 11 of the Federal Bankruptcy Code, has moved its offices from Oklahoma City to Orlando, Fla., and will operate a much-smaller system with a new president and management team at the helm.
- King's Table, which dropped a bid to buy Duff's when parent Kelly-Johnston Enterprises filed for Chapter 11 protection, is attempting to battle a drop in customer counts with a $9 million remodeling and expansion program.
- Luby's, which is considered one of the best-run operations in the foodservice industry, is continuing its gradual move toward serving less beef and more broiled items, particularly fish. The transition is designed to appeal to older customers.

Piccadilly, based in Baton Rouge, La., said its computer system will give it a better handle on operations in all 100 company-owned cafeterias. The IBM PC's in each store will allow chain headquarters to get nightly readouts of sales and customer counts and target trouble spots in the system, according to James W. Bennett, executive vice president and chief financial officer.

"It's really a business of execution," Bennett said. "We [the cafeteria segment] have a market and a marketplace out there. When we execute well, we do well."

Piccadilly is continuing its recent move toward building freestanding units rather than mall stores. Even though a freestander costs about $500,000 more to build, the strategy gives the chain better flexibility on site selection, since shopping-center space is limited, Bennett said.

Of the eight new Piccadilly cafeterias under construction, only one is in a mall. About 25 units in the system are freestanding.

Segment leader Morrison, with about $275 million in annual sales, set aside $6 million in the last fiscal year to cover the closing of 13 unprofitable cafeterias, which had combined annual losses of $2.3 million. Both Morrison executives and Wall Street analysts viewed the action as a positive step toward improving operational focus on a unit level.

"We'd been looking at this group as far back as three years ago," said E. Eugene Bishop, president and chief executive. "We do not run away from our problems. We felt we'd done all we were able to do, trying to make them [the cafeterias] work. We were unable to do that."

This year the company—which also operates Ruby Tuesday, L&N Seafood and Silver Spoons in its specialty-restaurant division—will keep a close watch on its new "cafeteria of the future" when the refurbished Atlanta unit reopens at the end of September. The unit will feature a wide-open design, a glass-enclosed grill for exhibition cooking, a bakery display, a deli case and a completely different wall covering. The concept features so many new twists that it can only be described as experimental, according to Richard McGeoch, vice president of marketing and planning.

"We're trying so many new things we don't expect 100% of them to work," McGeoch said. "But we feel it's time to break out of the mold."

In June Morrison opened its first freestanding takeout shop in a 1,000-sq.-ft. Atlanta building. (About 11 attached takeout shops are currently in operation.) The Atlanta freestander, a test for possible expansion, is expected to generate about $350,000 in annual sales, according to analysts. McGeoch said the company is expecting "major incremental sales," with little cannibalization of cafeteria sales, from the takeout shops.

TOP CAFETERIA CHAINS RANKED BY SYSTEMWIDE SALES

Top 100 Rank		Chain	Fiscal Year Ends	Systemwide Sales (By Fiscal Year, in Millions)		
1985	1984			Current	Last Full	Previous
54	53	Morrison's	June	$290.0	$275.0	$274.0
69	64	Furr's	Dec.	225.1	215.0	205.0
74	75	Piccadilly	June	210.0	185.0	174.0
76	71	Wyatt	Dec.	200.0	192.0	175.0
77	81	Luby's	Aug.	198.1	170.8	140.0

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales

Source: *NRN* research

TOP CAFETERIA CHAINS RANKED BY NUMBER OF UNITS

Top 100 Rank*		Chain	Fiscal Year Ends	Number of Units (By Fiscal Year)		
1985	1984			Current	Last Full	Previous
86	83	Morrison's	June	155	147	153
88	90	Furr's	Dec.	134	123	117
93	91	Wyatt	Dec.	123	120	117
95	95	Piccadilly	June	110	100	93
96	96	Luby's	Aug.	85	77	70

*Ranking refers to Top 100 Chains: Ranked by Number of Units

Source: *NRN* research

TOP CAFETERIA CHAINS RANKED BY SALES PER UNIT

Top 100 Rank*		Chain	Fiscal Year Ends	Sales Per Unit (By Fiscal Year, in Thousands)		
1985	1984			Current	Last Full	Previous
10	10	Luby's	Aug.	$2,450.0	$2,390.0	$2,350.0
16	17	Piccadilly	June	2,050.0	2,000.0	2,000.0
17	18	Morrison's	June	1,900.0	1,850.0	1,730.0
19	20	Furr's	Dec.	1,710.0	1,600.0	1,500.0
20	21	Wyatt	Dec.	1,570.0	1,550.0	1,460.0

*Ranking refers to Top 100 Chains: Ranked by Sales Per Unit

Source: *NRN* research

CAFETERIA SEGMENT PRICE DATA

For Selected Chains

	Average Per-Person Check (By Fiscal Year)			Annual Price Increases (By Fiscal Year)		
Chain	Current	Last Full	Previous	Current	Last Full	Previous
Morrison	$4.35	$4.35	$4.14	0.0%	5.0%	8.0%
Piccadilly	4.10	3.95	3.94	4.0	0.0	11.0
Wyatt	4.10	3.91	3.71	4.0	5.0	—
Luby's	4.38	4.05	3.82	4.0	6.0	3.0

Source: *NRN* research

The Duff's smorgasbord chain, considered part of the cafeteria segment, reached a low-point in its 18-year history this past year when, after two aborted plans to sell the chain, parent Kelly-Johnston Enterprises of Oklahoma City filed for Chapter 11 protection from creditors. Industry observers said Kelly-Johnston, a franchisee of Chi-Chi's Mexican restaurants, "bit off more than it could chew" when it purchased the then-133-unit Duff's chain in 1983.

Kelly-Johnston disputed that claim and said it uncovered numerous problems left by the previous owners, Homer and Wilma Duff, including a 15% rate of timely franchisee payments.

But the Duff's system is expected to re-emerge this year as a much smaller system under new management.

The number of company-owned units dropped from 24 to nine after Kelly-Johnston sold 11 units back to the Duffs and sold six others to another shareholder. Several franchisees, including the largest, Sunbelt Paragon, dropped out of the system, leaving Kelly-Johnston with about 50 franchised units.

The new management team, now based in Orlando, Fla., is headed by president Gary Zambon, formerly vice president of the franchise division. He replaced Will Chizmar, who resigned amid the Chapter 11 controversy. Anita Bowers, vice president of operations, is the new No. 2 executive in the Orlando office.

"We're very, very optimistic," Bowers said of the newly aligned Duff's system. "We just had a good franchising meeting, and they've given us some very good signs."

International King's Table of Eugene, Ore., which operates 81 buffet restaurants in the Western United States, had signed an agreement to purchase Duff's from Kelly-Johnston in a deal valued at $12.7 million. But when Kelly-Johnston filed for Chapter 11, King's Table backed out.

The Duff's deal would have extended King's Table's influence into the Midwest and Southeast and would have made it one of the leading forces in the cafeteria segment. For now, the chain will concentrate on its systemwide, $9 million remodeling program. The renovated restaurants feature a longer serving line, a new dessert center and enhanced decor. About 25 remodelings are expected to be completed in fiscal 1986.

One unit in Torrance, Calif., was remodeled to include 110 new seats (300 total) and a new product line. Since the March 1984 renovation, sales are up 40% over comparable-year levels.

Luby's, the 77-unit chain based in San Antonio, is continuing its gradual move toward serving less beef and more items with higher perceived nutritional value.

"Empty nesters make up a large part of our audience," said Vernon Schrader, vice president of marketing. This has brought about a change in the chain that he calls "not as much strategic as gradual. Before we had four types of beef on the counter at all times. Now we can get by with half as much."

Luby's kitchens have cut back on salt and are serving more fish, chicken and turkey and vegetables, salads and fruit salads.

FOCUS | NRN

Contract feeders eye restaurant-inspired concepts

By Alan Liddle

Contract feeders hit hard by the shrinking of "Smokestack America" are, with varying success, turning to restaurant-inspired concepts to cope with declining margins and the increased expectations of the workers they serve.

Vending-machine operations are also getting a second look as consolidation in some work places forces contract feeders to streamline manual operations.

"Where we may have had 2,000 people [client employees] in one plant, now we may be feeding 500 or so people spread out over two to three sites," Richard Stein, president of food service and vending for Interstate United, said recently.

Interstate United's dilemma is not unlike the situation faced by several of the contract food-service companies in the *NRN* Top 100. Some of the companies are finding that they need new approaches as they try to move from industrial to white-collar feeding where clients often have fewer mouths to feed.

But the contractors—part of a diverse business that feeds people in the air, on the high seas and at work, school, medical facilities, national and state parks, resorts, amusement centers, zoos, stadiums, arenas and convention halls—are coping:

> *'Where we may have had 2,000 people in one plant, now we may be feeding 50 or so people spread out over two to three sites.'*

- At some General Motors plants, employees might once have waited an average of 12 minutes for a meal of meatloaf, mashed potatoes and green beans. Now, they can order fast-food mainstays, including burgers, fried chicken and fish, or a more upscale offering, such as a hand-carved meat sandwich, pay their tab and be seated in one-fourth the time.

Instead of eating in a cafeteria, or "stainless steel maze," as Greyhound Food Management president Joseph Fassler calls them, those GM workers are dining at an Eatin's Easy, Greyhound's home-grown fast-food concept.

- In multitenant office complexes where there are not enough employees to support a cafeteria, workers not wanting to brown bag it often have to settle for vending cuisine or fight the crowds and the clock to get filled at a nearby fast-food outlet or full-service restaurant. However, if the complex is serviced by Canteen Corp., there is a chance that employees from the different offices might meet while ordering or picking up a meal from the Gulliver's deli in their building.
- Hungry office workers in another building might need look no farther than downstairs and J.D.'s Cafe, Allegheny Beverage's upscale limited menu manual operation.

Some contract food-service executives see such concepts as a way to cut operating costs and satisfy baby boomers who grew up on fast food and had little contact with cafeterias, except in school or the military. Others say their real value might be in the area of marketing because they have an identity and are more acceptable to consumers who have shown a preference for brand names over "brand X."

Greyhound's Fassler said the Eatin's Easy concept has been under development for four years and can work in a blue-collar or white-collar setting. It can be especially useful, he said, in an older plant where the workforce has been cut back and the food preparation area was built decades ago and is in need of major remodeling.

Compared to a cafeteria, an Eatin's Easy costs about half as much to build ($500,000 to $600,000), feeds the same number of people in half the square footage and significantly reduces labor costs, Fassler said. One way the concept helps save labor, he said, is by providing an environment in which patrons are willing to bus their own trays, "just like they do at a Burger King or McDonald's on the weekend."

Indicating Eatin's Easy units are not just plastic burger-serving stations, Fassler described the concept's decor as "beautiful fast food" with plenty of greenery. "They are often the nicest part of the plant they're in."

But do *clients* like the concept?

There are now 23 Eatin's Easy units "and we've got a waiting list for more," said Fassler, whose division recorded about $210 million in manual sales in 1984. "I've had to double the size of my engineering department during the past three years."

Building Take-Out Sales

In Gulliver's, Chicago-based Canteen, recognized as a major player in plant feeding, has a concept that allows it to move into white-collar territory. The company, which had systemwide manual sales of about $442 million in fiscal 1984, now operates 25 of the delis in office buildings and has another 40 under lease for development.

Gulliver's could prove a boon to Canteen's franchising group. The company has for years licensed its name to 100 franchisees, primarily for use in vending operations, and has extended the arrangement to include the deli.

What's more, Gulliver's gives Canteen a vehicle for developing take-out business, something nearly all major contract feeders are trying to do.

ARA Services Inc.'s International division has developed various restaurant-style concepts and plugged them into nontraditional settings for some time. Claude Feninger, president of the division, which generated about $325 million in revenue during 1984, said"We have our green room [concept] . . . our delis" and others.

However, because his division operates in several countries with different languages, Feninger said there is no single name or logo used for the concepts.

During fiscal 1984, ARA Services' contract feeding divisions generated about $1.24 billion in revenue from manual operations, leading the segment. But Marriott Corp.'s acquisition of Service Systems Corp., of Buffalo, N.Y., and Ohio-based Gladiuex Corp. in early 1985 have some analysts projecting fiscal 1985 revenue of $1.55 billion for its contract group, quite probably enough to displace ARA.

The development of catchy brand name concepts by contract feeders might also be viewed as a bolstering of their defenses against national restaurant chains, such as McDonald's, Burger King and Hardee's. More and more, those chains and others have begun popping up in areas once thought to be the exclusive domain of contract and institutional feeders, including hospitals, military bases and college campuses.

Marriott's contract food-service division is in a unique position: It can fight off encroaching national chains by borrowing from the company's own Roy Roger or Big Boy groups if a client wants a widely recognized fast-service operation.

*(See **CONTRACT**, page F56)*

TOP CONTRACT FEEDERS CHAINS RANKED BY SYSTEMWIDE SALES

Top 100 Rank			Fiscal Year	Systemwide Sales (By Fiscal Year, in Millions)		
1985	1984	Chain	Ends	Current	Last Full	Previous
7	9	**Marriott Food Service Mgt.**	Dec.	$1,550.0	$1,111.3	$950.6
9	8	**ARA Services**	Dec.	1,312.7	1,243.1	1,172.3
18	16	**Saga**	June	866.5	777.7	710.5
20	46	**Service America**	March	770.0	332.3	237.6
33	31	**Canteen**	Dec.	499.7	442.2	369.5
39	39	**Dobbs**	Feb.	421.0	368.9	343.8
43	45	**Sky Chefs**	Dec.	365.3	332.3	292.4
50	50	**Ogden**	Dec.	312.5	279.0	225.0
65	67	**Greyhound Food Management**	Dec.	247.8	210.0	190.0
70	70	**Delaware North**	Dec.	225.0	200.0	175.0

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales

Source: *NRN* research

TOP CONTRACT FEEDERS RANKED BY NUMBER OF UNITS

Top 100 Rank*			Fiscal Year	Number of Units (By Fiscal Year)		
1985	1984	Chain	Ends	Current	Last Full	Previous
9	8	**ARA Services**	Dec.	2,700	2,626	2,547
19	44	**Marriott Food Service Mgt.**	Dec.	1,400	491	466
21	42	**Service America**	March	1,200	518	207
22	20	**Canteen**	Dec.	1,140	1,020	950
26	23	**Saga**	June	928	904	856
60	60	**Greyhound Food Management**	Dec.	350	315	310
65	65	**Custom Management**	June	268	250	243
69	67	**Szabo**	Sept.	255	244	233
70	69	**Delaware North**	Dec.	250	234	217
72	70	**Ogden**	Dec.	244	230	202

*Ranking refers to Top 100 Chains: Ranked by Number of Units

Source: *NRN* research

TOP CONTRACT FEEDERS RANKED BY SALES PER UNIT

Top 100 Rank*			Fiscal Year	Sales Per Unit (By Fiscal Year, in Thousands)		
1985	1984	Chain	Ends	Current	Last Full	Previous
2	2	**Sky Chefs**	Dec.	$5,450.0	$5,450.0	$5,410.0
7	6	**Dobbs**	Feb.	2,990.0	3,000.0	3,020.0
27	28	**Ogden**	Dec.	1,281.0	1,213.0	1,114.0
33	12	**Marriott Food Service Mgt.**	Dec.	1,110.0	2,260.0	2,040.0
39	45	**Saga**	June	933.0	860.0	830.0
45	46	**Delaware North**	Dec.	900.0	855.0	806.0
57	59	**Custom Management**	June	718.0	700.0	720.0
58	61	**Greyhound Food Management**	Dec.	708.0	667.0	613.0
59	54	**Seiler**	Aug.	698.1	739.5	703.3
63	62	**Service America**	March	642.0	642.0	1,150.0

*Ranking refers to Top 100 Chains: Ranked by Sales Per Unit

Source: *NRN* research

CONTRACT FEEDERS

'Not all of the mock restaurant concepts tried by contract feeders pan out.'

(Continued from page F55)

Not all of the mock restaurant concepts tried by contract feeders pan out, however.

George Flagg, senior vice president of finance for Allegheny Beverage, which recently merged its Macke and Servomation food-service companies to create Service America Corp., said J.D.'s Cafes have been only "marginally" successful. The company is in effect "phasing them out," he said, adding that the decision was based, in part, on the inability of the concept to develop enough after-lunch and nontenant business to make it worthwhile.

There were 10 J.D.'s in 1983. Now there are five.

Some contract feeders have not yet found it necessary to develop their own brand names for marketing or cost cutting purposes.

Headquartered in Menlo Park, Calif., Saga Corp., with fiscal 1984 revenue from its contract divisions totaling $710 million, is generally recognized as the leading campus contract feeder in the U.S. Its fiscal 1984 revenue from campus accounts was $313 million.

Even though it serves a clientele that literally grew up humming fast-food chain jingles and probably identified with McDonald's golden arches before older family members, Saga does not have a brand name fast-food concept for its campus division. And yet, according to Saga spokesman Gene Elsbree, that division (in fact all contract divisions) had a "record year" in terms of landing new accounts while maintaining a client-retention record of about 95%.

Many industry executives agree that vending is a "mature" market with little future gowth potential except in combination with manual operations. But at least one of them, Fassler, is enthusiastic about developments in that area. In particular, he is high on Greyhound's own "Grand Gourmet" vending program now in place at about 10 locations.

Greyhound's vending business amounted to about $55 million in fiscal 1984.

The Grand Gourmet system is similar to the old Horn and Hardart "automats," Fassler said, explaining that "dinner platters" are loaded into the back of the machines while patrons serve themselves in front. The machines are situated near what were once manual facilities, but which are no longer cost effective to operate in a full-service format.

"Even though it's a vending machine, the food might have been put in [just] five minutes earlier," Fassler said. 'It's a big growth vehicle" in the vending segment and can be used in "downscaled" plants where the client wants to offer employees something better than cold sandwiches, he added.

At ARA, the vending division has a system offering more traditional commissary-prepared vending fare, but with a difference: no machines.

Through its "Greenhouse" concept, ARA is trying to counter the "high tech" invasion of the work place and other contract sites with a little "high touch." It has, at selected locations, installed refrigerated cases from which patrons pull the desired items before checking out through a cashier.

Vending was a $350 million business for ARA in 1984.

Canteen, which did systemwide vending sales of close to $500 million in 1984, has a similar "no-machine" vending system as well as large-capacity machines that offer more than candy, cigarettes, cold drinks and coffee.

Dobbs, Ogden experiment with nontraditional services

BR
Dobbs House

Dobbs, regarded as the No. 2 airline and terminal caterer behind Marriott, had revenue of $369 million in fiscal 1984.

Employees in Dobbs International Services' airline catering division wash more than dishes these days. Some of them are polishing executive aircraft.

Officials at Dobbs, a food-service division of Chicago-based Carson Pirie Scott & Co., are testing to see if executive jet catering and cleaning can be profitable business. "Very successful" is the way one spokesman at Dobbs's Memphis headquarters described the test program to date.

Dobbs International Services, which also handles corporate and educational accounts, is generally regarded as the No. 2 airline caterer and terminal feeder in the United States, second only to Marriott Corp. It is the largest operating company in Carson Pirie Scott & Co.'s food and lodging group, which generated revenue of about $369 million, excluding restaurants, in fiscal 1984.

While some flight kitchens operated by Marriott and third-ranked Sky Chefs have done executive jet catering on a piecemeal basis, comments by company officials indicated neither is aggressively pursuing the market.

Dobbs's attempt to expand its share of the contract-food-service market by offering a secondary service, in this case aircraft cleaning, is not unusual. A majority of the contract feeders in *NRN*'s Top 100 are aligned with divisions that offer nonfood support services, including house cleaning, laundering, maintenance, security and facilities management. In most cases, however, the revenue generated by nonfood services is just a fraction of food service revenue. The *NRN* rankings include only manual food-service revenue.

Ogden Food Service Corp.'s manual food-service operations generated about $230 million in revenue during fiscal 1984, less than half of the total revenue reported by the overall Ogden Corp. Allied Services group.

Several Ogden accounts involve multiple Allied Services divisions, such as food service, maintenance and parking management. Gerald Moses, vice president of marketing, said Ogden wants more of those accounts and is positioning itself so that potential clients know that "everything that can be done in a building, we can do."

In fiscal 1984 The Macke Co., now part of Allegheny Beverage's new Service America Corp., reported nonfood-services revenue (excluding proceeds from the coin-op laundry division) of $91.6 million. Its manual and vending machine food-service revenue was $332 million.

Perhaps more typical of contract feeders involved with nonfood services is The Seiler Corp., a U.S. division of Paris, France-based Sodexho. In fiscal 1985 it reported revenue of about $164 million from manual food-service operations and $6 million from "general" services, including laundering, house cleaning and maintenance. Company officials estimated that general services revenue would double in 1986.

Donald E. Storer, Seiler's vice president of marketing, said general services "will be our heaviest growth area" in the next few years. But, he added, "This is not a food-service company that will become a janitorial company."

Seiler would like to see its eight multiple-service accounts grow to 40 during the next five years, Storer said.

Acquisitions are on the minds of executives with nearly every contract feeder in the Top 100. Some industry observers contend that because many segments of the contract food-service business are saturated, substantial growth is possible only through acquisitions.

"We're actively looking . . . we've acquired five companies in five years," said John Metz, president of Custom Management Corp., of Kingston, Pa.

Metz's company produced manual food-service revenue of $175 million in fiscal 1985, doing most of its business with colleges and health-care facilities. He explained that he is looking to acquire "regional companies that will fit into our organization."

Joseph Fassler, president of Greyhound Food Management, admitted he would like to phase out his company's "support" division, which, among other things, provides food service and some housekeeping on large construction projects in such regions as the Middle East.

Fassler said he is shopping for a lodging chain that does at least $100 million in business a year and some regional contract feeders that will help GFM gain a bigger share of the white-collar workplace market.

The only two Top 100 companies that might be ruled out as participants in "acquisitionmania" in 1986 are ARA Holding Co. and Allegheny.

The $878 million leveraged buyout of ARA by its top executives in late 1984 and Allegheny's purchase of Servomation for $225 million this year have probably left both companies too far in debt to consider acquisitions.

Trends to Watch

Other contract food service trends to watch:

- The shakeout in the offshore segment continues, though not at the pace of the past few years. Alfred Bourgeois Jr., who heads Delaware North's Oceanic Butler, remarked recently, "Four years ago we had 49 competitors; now there are 14 or 15."

  Contributing to the downfall of many small independents have been rising costs in insurance and the maintenance of large inventories in isolated areas, said Claude Feninger, president of ARA's International group, the leading feeder of off-shore drillers.
- Some companies, including Seiler, reported that they are concerned about the increasing incidence of for-profit companies, such as Humana Corp., buying up nonprofit hospitals. The contractors said they fear that, as a rule, the for-profit companies will handle food service in-house, thereby limiting potential growth within the segment.
- Contract feeders looking to pick up business in primary and secondary schools indicated that Reagan Administration efforts to reduce subsidies to school-lunch programs are, in some cases, helping.

  As money gets tighter, more school districts are being forced to consider contracting over continuing in-house operations. Among the contractors, larger companies, such as ARA, which led the segment in fiscal 1984 with a revenue of $60 million, are convinced cutbacks will mean more business for them because of economies of scale.
- Competition among airlines has increased traffic but failed to make things any easier

FOCUS NRN

Receipts up, covers down in hotel food service

By Peter Romeo

Food service in the nation's hotels is in a state of flux, with rising receipts offsetting depressed covers as the only general rules, according to industry executives.

Ramada Inns, for instance, is completely revamping the food and beverage operations of all but a few of its company-owned hotels and is encouraging its franchisees to follow suit. The goal is to tailor each outlet to its local marketplace, with menus featuring popular regional items, said food and beverage vice president Robert Lansdell.

A similar approach is being taken by Radisson Hotel Corp., one of the two lodging companies owned by Carlson Cos., where, under the tutelage of newly appointed food and beverage vice president Don Clawson, Radisson plans to transform at least one outlet at each of its hotels into one of the local area's most popular restaurants.

Ramada food and beverage vice president Robert Lansdell (right) with lounge concept director Ken Detwiler reviews plans for F&B revamping.

At the same time "there has been an attempt to minimize restaurant operations in new hotels, to minimize the size of the restaurants," said Bjorn Hansen, a senior principal with the accounting and consulting firm Laventhol & Horwath. "And it's in all classes of hotels, not just all-suites and economy properties."

Even luxury hotels are omitting formal and very opulent restaurants to opt instead for more casual outlets with a broad-based appeal, Hansen said.

That trend of backing away from food-service operations is evident in Holiday Corp.'s Embassy Suites chain.

Although the chain is attempting to differentiate itself from the rest of the all-suites pack by including a restaurant in every property, the food-service outlets will usually be Velvet Turtles operated by Saga Corp.'s new hotel food-service division, according to a spokesman.

Similarly, the Comfort Inn Suite and Quality Inn Suite concepts that Quality Inns International plans to roll out later this year will feature preprepared frozen meals that guests can buy in the properties' gift shops and microwave in their rooms.

Hotel executives and analysts attribute the intensified competition in lodging food service to the building boom, which has pushed the supply of guest rooms far beyond demand.

With occupancy rates dipping, the executives said they are taking an intensified and more critical look at their food operations, which typically generate one-third to one-half of a hotel's total revenues.

For instance, Servico Inc.'s Royce Hotel Corp. franchise chain is putting a great deal of care and effort into the development of its restaurants and lounges, president Steven Selka said.

"I expect F&B [food and beverage] sales to surpass room revenues," Selka noted.

But the executives of most major hotel chains emphasized that the rationale for upgrading their food-service operations is not simply to offset flat room sales with higher food and drink revenues.

Rather, they stressed that they are still striving toward their traditional goals of, first and foremost, pleasing guests and hence holding on to present customers, and, second, to draw in more local patrons, who may refer visiting business acquaintances and friends to the property.

Major contenders, such as Westin and Marriott, are attempting to realize both goals by offering more regional American dishes, which, by all accounts, are growing in popularity.

In the instance of Ramada, "I took all 50 states and decided what dishes they're famous for," Lansdell said. As each Ramada restaurant is renovated, the favorite of its state will be added to the menu, he explained.

In addition, the food and beverage directors of several hotel chains said they are simplifying serving methods, doing away with flambé carts and the like, and opting for lighter, more informal decor packages to make hotel outlets more viable as "everyday" places for local residents to eat in.

But most of the companies have not followed through by cutting or stabilizing prices, Laventhol & Horwath's Hansen said.

"Hotels have been raising food prices fairly substantially," Hansen commented. "The primary hotel customer is still the business traveler, and to him, it's not a price-sensitive issue. The business traveler doesn't care if breakfast costs $2 or $10."

Hansen believes that increased prices, coupled with the greater use of restaurants by local patrons, are responsible for the rise in food and beverage revenues despite a decline in occupancy rates during the first half of 1985.

Hansen and the food and beverage executives of several lodging chains agreed that the rise in revenues is largely attributable to an increase in food rather than liquor sales.

The latter, they said, have leveled off or declined, the result of patrons drinking less or opting for lighter beverages.

"You get less for a wine spritzer than you do for a martini," Hansen commented.

Ironically, many in the lodging industry had expected liquor sales within hotels to increase because of the crackdown on drunken driving. They reasoned that more hotel guests would drink in the lounge rather than risk a trip to a nearby popular watering hole.

Hansen added that hotel customers have also shown a resistance to increases in drink prices.

The decline in alcohol consumption has been particularly steep in banquet operations, Lansdell and others said.

But they agreed that, overall, banquet sales are on the rise.

"The only place in hotel food and beverage operations where we've seen things get better [in terms of real growth] is in banquets," Hansen said.

That increase in banquet sales and profits, he contended, is attributable not to a hotel's food and beverage department but to its sales staff.

"Hotel sales departments are recognizing the importance of banquet sales," Hansen explained. "There is a very severe focus on getting more people into the hotel, even if it means discounting room rates slightly. So hotels are learning how to package better," estimating prices for meeting planners on a more palatable "per delegate day" basis rather than in a single lump sum.

And, "in banquets, the price has not gone higher as it has in restaurants," Lansdell said.

In addition, hotel food departments have done their part by making banquets less formal and more fun, according to Lansdell.

"The people who used to go to banquets used to look at them as a special thing," he explained. By moving away from the idea that banquets are suitable only for special occasions, hotels have broadened their market for group business, he suggested.

TOP HOTEL CHAINS RANKED BY SYSTEMWIDE SALES

Top 100 Rank		Chain	Fiscal Year Ends	Systemwide Sales (By Fiscal Year, in Millions)		
1985	1984			Current	Last Full	Previous
12	11	Sheraton	Dec.	$1,196.0	$1,095.0	$1,004.0
14	13	Holiday Inn	Dec.	990.0	893.1	835.0
15	15	Hilton	Dec.	987.0	812.3	717.0
21	18	Marriott Hotel	Dec.	744.0	729.3	633.6
36	35	Westin	Dec.	466.0	411.0	350.0
61	65	Quality Inn	May	270.0	212.2	200.0
63	55	Ramada Inn	Jan.	257.4	253.1	250.0
80	73	Hyatt Hotel	Dec.	195.0	187.5	180.0

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales

Source: *NRN* research

TOP HOTEL CHAINS RANKED BY NUMBER OF UNITS

Top 100 Rank*		Chain	Fiscal Year Ends	Number of Units (By Fiscal Year)		
1985	1984			Current	Last Full	Previous
13	14	Holiday Inn	Dec.	1,757	1,696	1,707
33	39	Quality Inn	May	741	555	539
45	38	Ramada Inn	Jan.	564	571	593
48	45	Sheraton	Dec.	500	473	453
68	64	Hilton	Dec.	258	253	246
87	85	Mariott Hotel	Dec.	143	143	130
97	97	Hyatt Hotel	Dec.	78	75	72
100	100	Westin	Dec.	52	51	46

*Ranking refers to Top 100 Chains: Ranked by Number of Units

Source: *NRN* research

TOP HOTEL CHAINS RANKED BY SALES PER UNIT

Top 100 Rank*		Chain	Fiscal Year Ends	Sales Per Unit (By Fiscal Year, in Thousands)		
1985	1984			Current	Last Full	Previous
1	1	Westin	Dec.	$9,000.0	$8,700.0	$7,600.0
3	3	Marriott Hotel	Dec.	5,200.0	5,100.0	4,900.0
4	5	Hilton	Dec.	3,800.0	3,200.0	2,900.0
6	7	Hyatt Hotel	Dec.	3,200.0	3,000.0	3,000.0
11	11	Sheraton	Dec.	2,400.0	2,300.0	2,200.0
73	72	Holiday Inn	Dec.	563.5	526.6	489.2
81	79	Ramada Inn	Jan.	456.5	443.2	421.5
87	88	Quality Inn	May	409.1	382.3	371.0

*Ranking refers to Top 100 Chains: Ranked by Sales Per Unit

Source: *NRN* research

C-store food sales gaining on fast feeders'

Both convenience store chains and retail companies with in-store dining facilities are changing menus and decor to bolster the assault on traditional restaurants, such as McDonald's and Denny's.

At c-stores, where a principal consumer attraction is service speed, the strategy is to convince a customer—who is usually in the store to buy other merchandise—to purchase a quick hotdog, sandwich or fountain drink.

At department stores the aim is to convince the shopper to dine at the in-store cafeteria or coffee shop, rather than at a nearby restaurant or fast feeder.

Four such chains—7-Eleven and Circle K in the c-store segment and K mart and F. W. Woolworth in the retail feeder category—generate enough annual food-service sales to gain listing in this year's Top 100.

The year 1985 may be regarded as the time when the food-service industry finally recognized the inroads into fast-food sales made by the nation's 57,000 convenience stores.

A combination of aggressive marketing by the leading convenience chains and increased coverage in the trade press has made many fast-food executives stand up and take notice. Even an executive at McDonald's, which rarely acknowledges the competition, admitted that c-stores serve breakfast faster than the burger chains.

"We're not a fast-food restaurant, and we don't pretend to be," said Stephen Schwitalla, Circle K's vice president for food service. "But an integral part of our store is devoted to fast food. And in terms of quality, easy access, speed, visibility and advertising, I think our stores are now competitive with them."

C-stores accounted for $3.02 billion in fast-food sales in 1984, according to the National Association of Convenience Stores. Fast-food sales last year made up 9.7% of the $31.2 billion in merchandise sales, which exclude gasoline. That percentage is expected to soar toward 20% in the later part of this decade as c-store chains—spurred by higher-than-average profit margins on fast food—expand their food-service operations.

The two industry sales leaders, 7-Eleven of Dallas and Circle K of Phoenix, respectively, are also at the forefront of fast food.

On the heels of its recent introduction of fresh hotdogs and nachos, 7-Eleven is rolling out five new croissant sandwiches—egg; egg and sausage; ham and American cheese; turkey; and a submarine croissant with salami, bologna and cheese.

"The croissant sandwiches are targeted at the customer, particularly the health-conscious man or woman, who is looking for something lighter than our other sandwiches," said one 7-Eleven food-service official.

The chain's new JT's Bakery and Sandwich Shop concept, now in about 70 Texas units, features fresh-baked pastries and clerk-served deli sandwiches. Other tests, including salad bars, are continuing across the country.

The Southland Corp., 7-Eleven's parent company, does not break out fast food as a percentage of merchandise sales. But if, by conservative estimates, 11% of in-store sales are fast food, 7-Eleven will record $570 million in food-service volume this year.

Like its larger rival, Circle K is putting a heavy emphasis on its fast-food program. The chain is currently remodeling about 250 stores per year, and the new floor plan gives the fast-food section a prominent position in a high-traffic area. Schwitalla said fast-food accounts for about 25% to 30% of the floor space in remodeled units.

Circle K's new Deli Fresh Lite label, like 7-Eleven's croissant line, is targeted at working women and white-collar males, rather than at the blue-collar male, the traditional c-store patron.

And the chain continues to tailor its menus geographically. Circle K sells 10 types of burritos under its Old Santa Fe label in the Southwest. In Miami the chain is testing a Cuban sandwich that contains two types of cheeses, luncheon meats and barbecue pork.

Circle K is the fast-growing company in its industry. In the past five years it has grown from a 1,194-unit chain with sales of $533 million to a 2,650-unit chain with sales of well over $1 billion. As such, food-service sales have soared from $53 million in fiscal 1984 to a projected $120 million this year, fiscal 1986.

And a scheduled deal to acquire the 449-unit Shop & Go chain in Florida would give Circle K more than 3,000 units and increase its burgeoning food-service presence in the Southeast.

Like the major convenience chains, retailers with in-store restaurants are working to improve the image of their stores as viable places to eat. K mart, the second-largest retailer in the world after Sears, will convert some 200 of its 1,175 back-of-the-store cafeterias to the new Eatery concept by the end of this calendar year. The Eatery features a sidewalk-café ambience, softer lighting and canopies, according to Paul Swisher, director of food service.

CEREAL
ICE CREAM
FOUNTAIN
HOT DOGS

Circle K is putting heavy emphasis on its fast-food program.

K mart has closed several unprofitable cafeterias over the past year and has chosen to abandon the concept in new units. Instead, the chain will look to its 174 Sandwich Shoppes, 85 family restaurants and 197 delis and a host of snack bars and coffee shops as vehicles for expansion.

K mart's test of The Annex, an upscale soup-salad-croissant concept in a downtown Birmingham, Mich., unit is not likely to be expanded to other stores, Swisher said. The concept needs to be located in high-traffic downtown units, making expansion difficult, he said.

The Troy, Mich.-based retailer uses 57 district managers and five regional managers to help tailor food offerings to local preferences. But most menus are uniform across the country.

"We're mass marketers of food as well as merchandise, so anything we do on a national basis must be nationally acceptable," Swisher said.

K mart, which also owns Furr's cafeterias and Bishop Buffets, operates food-service outlets in 1,723 of its K mart and Kresge stores.

F. W. Woolworth, the New York City-based retailer, is attempting to boost in-store traffic through a series of refurbishings and a senior-citizens promotion at its cafeterias.

The chain is currently revising equipment and completely renovating the dining area in many of its units. One coffee shop in West Palm Beach, Fla., was remodeled to include palm trees and other decor changes compatible with that city's upscale clientele. Since that change unit sales have increased 30%, according to a Woolworth food-service executive.

"The big problem, as far as in-store feeders are concerned, is that I don't think we are addressing the various parts of our demographics," the Woolworth executive said.

And in a move to better serve one demographic segment, Woolworth is emphasizing its senior-citizens program at its cafeterias, where the variety of nonfried food served is often an attraction for older customers. The promo, called "Super Senior of the Month," allows older customers the opportunity to win a free dinner for four, complete with white-tablecloth and the red-carpet treatment. The coupon-booklet promo already has 25,000 seniors enrolled in the program.

The chain has also revamped menus in all units to include old photographs of the historic Woolworth building in downtown New York.

Woolworth operates food-service outlets in 859 of its department stores. Included in that total are 32 Harvest House cafeterias, 38 Harvest House Jr. fast feeders, four upscale Quiet Corners restaurants as well as snack bars and coffee shops.

Woolworth is also a Burger King franchisee and is committed to open 50 units by 1989. The chain company operates three Burger Kings, with four or five scheduled to open in southern California and Texas.

TOP RETAIL CHAINS RANKED BY SYSTEMWIDE SALES

Top 100 Rank		Chain	Fiscal Year Ends	Systemwide Sales (By Fiscal Year, in Millions)		
1985	1984			Current	Last Full	Previous
28	26	7-Eleven	Dec.	$570.0	$528.0	$486.0
41	38	K mart	Jan.	395.0	373.0	300.0
95	87	F. W. Woolworth	Jan.	155.0	155.0	155.0

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales

Source: *NRN* research

TOP RETAIL CHAINS RANKED BY NUMBER OF UNITS

Top 100 Rank*		Chain	Fiscal Year Ends	Number of Units (By Fiscal Year)		
1985	1984			Current	Last Full	Previous
2	2	7-Eleven	Dec.	7,550	7,299	6,962
14	13	K mart	Jan.	1,723	1,800	1,850
30	26	F. W. Woolworth	Jan.	858	859	860

*Ranking refers to Top 100 Chains: Ranked by Number of Units

Source: *NRN* research

TOP RETAIL CHAINS RANKED BY SALES PER UNIT

Top 100 Rank*		Chain	Fiscal Year Ends	Sales Per Unit (By Fiscal Year, in Thousands)		
1985	1984			Current	Last Full	Previous
95	96	K mart	Jan.	$229.3	$207.2	$162.2
99	99	F. W. Woolworth	Jan.	180.6	180.4	180.2
100	100	7-Eleven	Dec.	75.5	72.3	69.8

*Ranking refers to Top 100 Chains: Ranked by Sales Per Unit

Source: *NRN* research

Index slides 3.7 to 128.8; gainers nip losers 47-45

NEW YORK — Declining for the second week in a row, the *Nation's Restaurant News* Food-Service Operators Index lost 3.7 points in the week ended Aug. 2, closing at 128.8.

The Dow Jones Industrials Average in the same five-day trading session gave up 4.03 points, closing at 1353.05. Traders said fears of rising interest rates spooked the market after Congressional budget-cutters had agreed on a plan that cut little.

On the full 116-issue *NRN* listing, which includes lodging, gaming and diversified companies, 47 stocks gained in price, 45 slid and 24 remained unchanged.

Seventy-two stocks were trading in lighter volume than their previous 12-week averages, while 42 surged.

Restaurant Associates led the Volume Surgers' list, with 171% more shares trading hands than normal on a 75¢ uptick, to $8.88.

One Potato Two led the percentage-price winners' list, gaining 50¢, to $1.13. Nankin Express, down 25¢, to 88¢, led the losers' list.

Wendy's, which said earnings had climbed 4¢ in the latest quarter, to 30¢ per share, lost 38¢, closing at $17.50.

Famous Restaurants, which announced some sale-leaseback financing, gained 25¢, to $2.88. Naugles, foreseeing a quarterly loss, lost 50¢, to $5.50. El Chico, envisioning 28¢ per share compared with 25¢ in last year's fourth quarter, added 38¢, to $12.50.

VOLUME TREND LEADERS

(Volume Trend Change, in %)

Rest Assoc A	171.0	Assoc Hosts M	89.0
Calny Food M	138.9	A&M Food Svcs M	86.0
Old Fashion Fd M	114.1	Bob Evans Farms M	85.9
RAX Restaurants M	105.1	Sonesta Intl O	85.7
Chefs Intl O	93.8	Consul Restaurant M	82.8

TOP TEN GAINERS

(Weekly Price Change, in %)

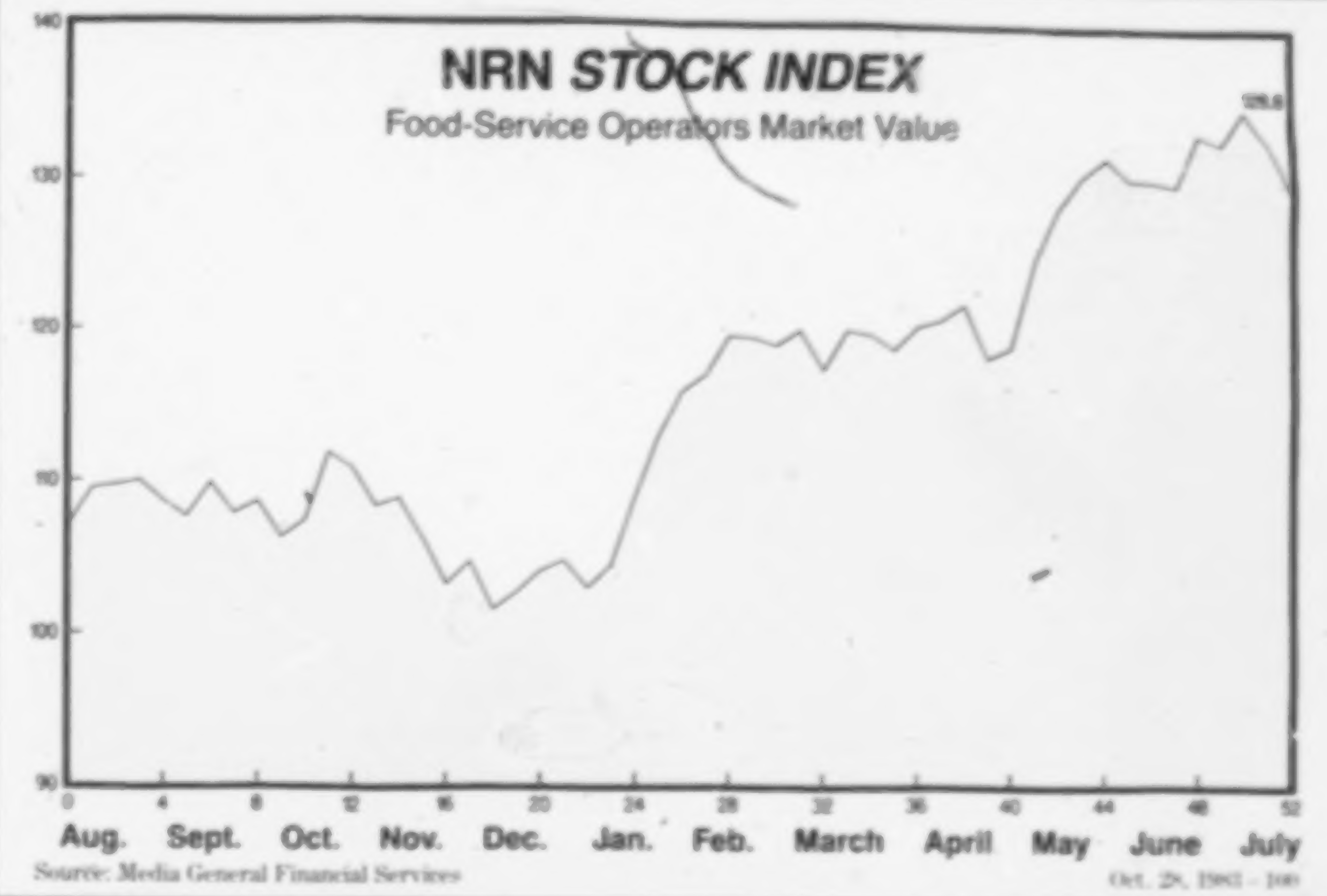
1 Potato 2 O	80.0	Rest Assoc A	9.2
Peo Restaurants M	50.0	Victoria Stations M	9.1
Fresher Cooker O	33.3	Fast Food Oper O	8.3
Ritzys G D M	12.[illegible]	Concept Dev M	7.8
Famous Rest M	9.5	Ramada Inns N	7.3

TOP TEN LOSERS

(Weekly Price Change, in %)

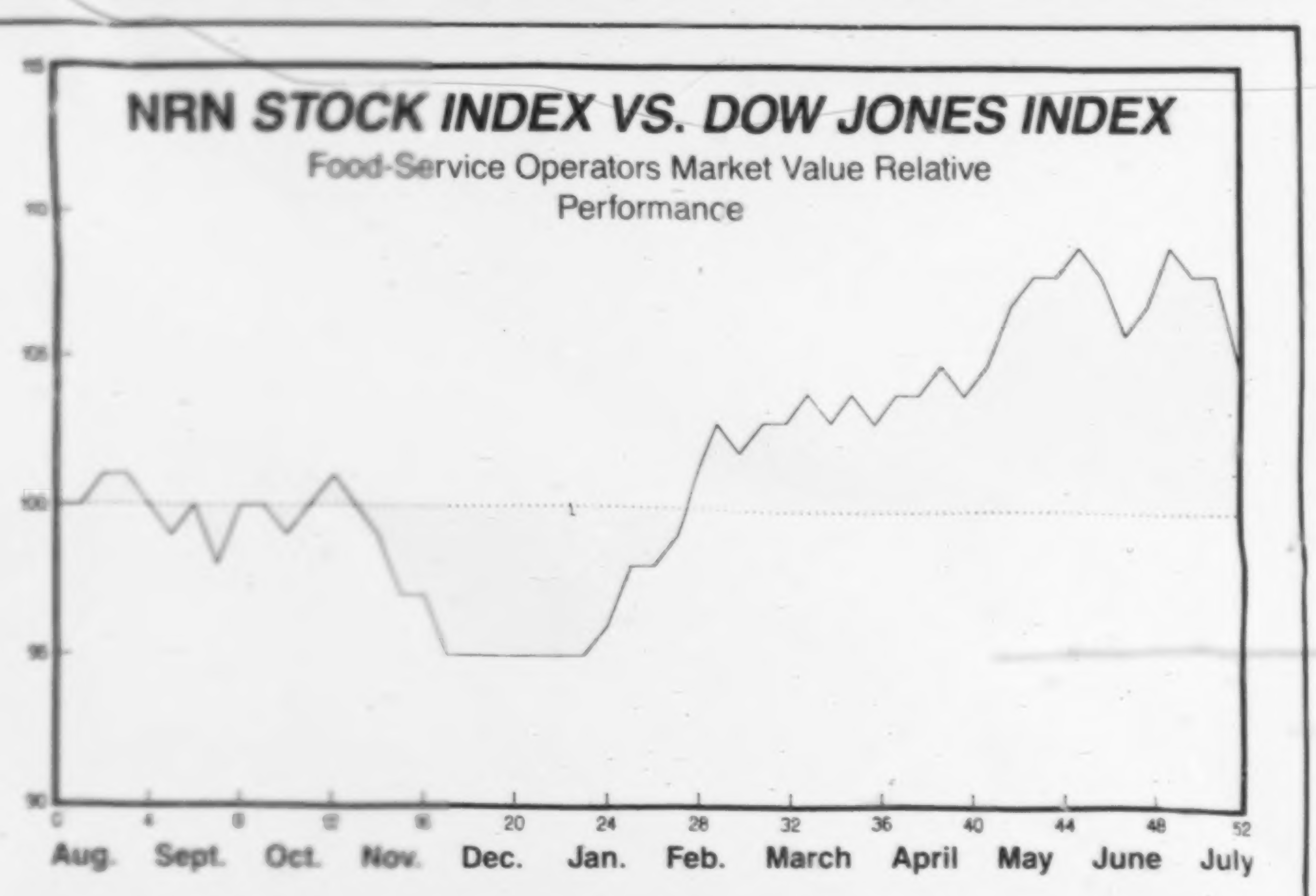
Nankin Express O	- 22.2	Collins Foods N	- 7.6
Consul Restaurant M	- 11.8	Dunkin Donuts M	- 7.2
Chi-Chi's M	- 9.8	Sizzler Rest Intl M	- 7.0
Cracker Barrel M	- 8.9	Shoney's Inc M	- 6.6
Naugles Inc M	- 8.3	Mr Steak O	- 6.3

	Stock Market											Financial Update																	
	Price							Volume																					
		Weekly		Weekly		52-Week		Weekly		12-Week	Volume		Indicated		Latest Report			Latest Quarter						Year-to-Date					
	8-02-85	Change		Range		Range		Shares Traded		Avg. Vol.	Trend	P/E	Divd. Rate		New		Date	Revenue		Net Income		E.P.S.		Revenue		Net Income		E.P.S.	
Company and Market	Close	Amt.	Pct.	High	Low	High	Low	Total	% Out	As % Out	Change	Ratio	Amt.	Yld.	Report	Period	Ended	Amt.	Chg.	Amt.	Chg.	Amt.	Chg.	Amt.	Chg.	Amt.	Chg.	Amt.	Chg.
-	$	$	%	$	$	$	$	(100)	%	%	%	-	$	%	-	-	-	$Mil	%	$Mil	%	$	%	$Mil	%	$Mil	%	$	%
Food-Service Operators																													
A&M Food Svcs M	6.88	.38	5.8	7.13	6.50	7.13	3.50	376	1.06	.57	86.0	19.6	.00	.0	—	6 mos.	06-85	9.3	22.4	.5	25.0	.14	16.7	17.2	22.9	.8	14.3	.22	15.8
Acapulco Rests M	4.50	.00	.0	4.63	4.50	5.38	3.50	152	.61	.35	74.3	34.6	.00	.0	—	6 mos.	04-85	10.4	1055.6	.1	- 80.0	.04	- 80.0	19.9	114.0	.0	- 100.0	.01	- 92.3
Am Restaurants O	4.13	.13	3.1	4.38	4.00	5.75	2.38	53	.23	.25	- 8.0	82.5	.00	.0	—	3 mos.	04-85	4.7	4.4	.0	- 100.0	(.01)	- 100.0	4.7	4.4	.0	- 100.0	(.01)	- 100.0
Assoc Hosts M	14.25	- .25	- 1.7	14.38	13.50	17.13	10.75	2,576	5.82	3.08	89.0	19.3	.12	.8	—	6 mos.	03-85	22.9	- 5.8	.7	- 36.4	.16	- 36.0	45.4	- 3.6	1.4	- 26.3	.32	- 25.6
Benihana Natl M	19.63	- .13	- .6	20.00	19.50	21.75	12.38	965	3.32	-5.31	- 37.5	18.3	.00	.0	—	fiscal	03-85	27.3	228.9	1.3	85.7	.45	50.0	67.0	238.4	3.1	121.4	1.07	91.1
Bob Evans Farms M	22.75	.75	3.4	22.75	21.25	23.50	17.00	2,360	1.45	.78	85.9	20.5	.30	1.3	—	fiscal	04-85	56.7	10.3	4.4	12.8	.27	12.5	227.7	12.9	18.1	12.4	1.11	13.3
Calibre Cp M	2.25	.00	.0	2.38	2.00	5.13	.63	62	.20	.56	- 64.3	NE	.00	.0	—	6 mos.	01-85	3.6	2.9	(1.1)	NE	(.38)	NE	7.1	6.0	(1.8)	NE	(.60)	NE
Calny Food M	14.50	- .25	- 1.7	15.13	14.25	15.13	8.13	3,413	7.55	3.16	138.9	21.3	.16	1.1	—	3 mos.	05-85	13.6	13.3	.9	.0	.19	.0	13.6	13.3	.9	.0	.19	.0
Capt Crab M	1.69	.06	3.8	1.75	1.50	2.88	1.31	1,734	1.13	.86	31.4	NE	.00	.0	—	6 mos.	02-85	1.7	240.0	(.5)	NE	(.04)	NE	3.3	200.0	(1.1)	NE	(.08)	NE
Carrols Cp N	8.50	.00	.0	8.75	8.50	11.50	8.25	383	.49	.71	- 31.0	12.0	.07	.8		fiscal	05-85	37.1	18.9	.7	- 41.7	.09	- 25.0	146.3	20.2	5.5	19.6	.71	4.4
Chefs Intl O	.69	.00	.0	0.75	0.69	1.06	.38	1,800	.93	.48	93.8	NE	.00	.0	—	3 mos.	04-85	5.3	- 11.7	.0	NE	.00	NE	5.3	- 11.7	.0	NE	.00	NE
Chi-Chi's M	11.50	- 1.25	- 9.8	12.25	11.13	18.00	9.38	10,548	3.91	4.57	- 14.4	19.8	.00	.0	—	fiscal	04-85	56.5	38.5	3.5	- 18.6	.13	- 27.8	205.7	30.2	15.6	- 6.6	.58	- 12.1
Chili's Inc M	28.00	- .25	- .9	28.00	27.63	28.88	17.00	965	2.06	1.53	34.0	36.4	.00	.0	—	9 mos.	03-85	17.3	66.3	.8	100.0	.17	112.5	48.3	57.3	2.7	125.0	.58	87.1
Churchs Fr Ch N	16.75	- .25	- 1.5	17.38	16.38	20.25	12.75	9,580	2.54	2.11	20.4	14.3	.44	2.6	—	6 mos.	06-85	139.4	13.5	11.2	1.8	.30	3.4	255.7	12.5	19.1	7.9	.51	8.5
Collins Foods N	22.88	- 1.88	- 7.6	24.88	22.75	25.00	13.34	890	.68	1.00	- 32.0	16.6	.16	.7		fiscal	04-85	124.0	18.9	4.4	22.2	.33	22.2	468.6	19.1	18.3	18.8	1.38	16.9
Concept Dev M	12.13	.88	7.8	12.13	11.13	16.75	5.75	1,041	2.01	4.55	- 55.8	NE	.00a	.0	—	9 mos.	03-85	28.1	212.2	(1.2)	- 100.0	(.23)	- 100.0	30.2	9.4	(1.2)	- 100.0	(.23)	- 100.0
Consol Prdts M	3.75	- .13	- 3.2	3.88	3.63	5.38	3.63	147	.45	.50	- 10.0	11.4	.08	2.1	—	6 mos.	03-85	18.6	- 4.6	.0	NC	(.02)	NC	33.8	- 3.4	.3	- 25.0	.08	- 20.0
Consul Restaurant M	3.75	- .50	- 11.8	3.75	3.00	9.75	3.00	2,371	5.21	2.85	82.8	NE	.00	.0		fiscal	05-85	24.0	50.9	(11.5)	- 100.0	(2.50)	- 100.0	87.0	37.2	(15.2)	- 100.0	(3.32)	- 100.0
Cracker Barrel M	12.75	- 1.25	- 8.9	13.50	12.75	23.50	11.75	283	.79	1.91	- 58.6	17.7	.14	1.1	—	9 mos.	04-85	16.0	16.8	.3	- 40.0	.07	- 61.1	46.8	18.2	.9	- 35.7	.26	- 50.0
Cucos Inc O	4.75	.00	.0	5.25	4.75	5.75	2.75	59	.34	.25	36.0	33.9	.00	.0	—	9 mos.	03-85	1.6	100.0	.1	.0	.04	33.3	4.8	108.7	.2	.0	.11	10.0
Diversifoods M	11.25	.00	.0	11.38	11.25	14.63	8.00	148	.04	4.41	- 99.1	27.4	.34	3.0	—	3 mos.	03-85	128.2	2.0	1.3	- 76.8	.04	- 76.5	128.2	2.0	1.3	- 76.8	.04	- 76.5
DLites Of Amer M	10.25	.00	.0	10.25	10.13	15.50	9.00	988	1.94	2.98	- 34.9	78.8	.00	.0	—	fiscal	03-85	4.0	185.7	.2	NC	.04	100.0	11.5	98.3	.5	150.0	.13	44.4
Dunkin Donuts M	22.50	- 1.75	- 7.2	22.63	21.63	25.38	14.84	1,345	1.88	2.20	- 14.5	16.7	.24	1.1	—	6 mos.	04-85	.7	- 96.8	2.8	16.7	.38	15.2	24.7	- 41.3	5.4	14.9	.74	15.6
El Chico M	12.50	.38	3.1	12.63	12.00	12.50	7.25	822	1.77	2.22	- 22.0	16.0	.00	.0	—	9 mos.	02-85	20.6	6.7	.3	.0	.19	- 5.0	61.8	7.1	2.7	.0	.58	- 3.3
El Pollo Asa O	5.38	- .25	- 4.4	5.63	5.38	6.34	1.84	377	1.49	2.86	- 47.9	NE	.00	.0	—	fiscal	03-85	.7	250.0	.0	NE	.01	NE	2.5	212.5	(.5)	NE	(.26)	NE
El Torito Rest N	17.25	.25	1.5	17.50	16.50	19.25	10.63	990	.89	1.04	- 14.4	16.0	.00	.0	—	6 mos.	06-85	84.9	31.4	4.0	21.2	.35	20.7	150.3	22.1	6.2	26.5	.54	25.6
Famous Rest M	2.88	.25	9.5	2.88	2.56	4.75	1.63	786	1.31	1.38	- 5.1	NE	.00	.0	—	3 mos.	03-85	16.3	- 4.7	.4	NE	.07	NE	16.3	- 4.7	.4	NE	.07	NE
Fast Food Oper O	.81	.06	8.3	0.94	0.75	1.63	.63	196	.33	.61	- 45.9	27.1	.00	.0	—	fiscal	12-84	2.0	25.0	.0	- 100.0	.00	- 100.0	8.0	31.1	.2	- 33.3	.03	- 50.0
Flakey Jakes M	5.63	.13	2.3	6.00	5.38	8.50	4.88	1,409	2.03	2.10	- 3.3	NE	.00	.0	—	3 mos.	03-85	5.3	253.3	(.5)	NE	(.07)	NE	5.3	253.3	(.5)	NE	(.07)	NE
Folks Rest O	2.25	.00	.0	3.25	2.25	7.38	2.25	17	.11	.25	- 56.0	NE	.00	.0	—	3 mos.	03-85	1.7	88.9	(.3)	NC	(.18)	- 100.0	1.7	88.9	(.3)	NC	(.18)	- 100.0
Fresher Cooker O	.50	.13	33.3	0.63	0.38	6.50	.25	162	.72	.98	- 26.5	NE	.00	.0	—	3 mos.	03-85	.7	- 22.2	(.2)	NE	(.15)	NE	.7	- 22.2	(.2)	NE	(.15)	NE
Frisch's A	23.38	- 1.13	- 4.6	24.25	23.38	26.00	14.50	63	.14	.20	- 30.0	20.3	.22	.9		fiscal	05-85	32.2	- .6	1.7	- 10.5	.39	- 7.1	129.0	4.0	5.0	2.0	1.15	3.6
Fuddruckers Inc M	7.63	- .50	- 6.2	8.25	7.63	15.13	6.00	1,473	2.26	3.45	- 34.5	NM	.00	.0	—	3 mos.	03-85	10.1	146.3	.1	NE	.02	NE	10.1	146.3	.1	NE	.02	NE
Good Taco O	.50	.00	.0	0.56	0.50	3.13	.25	372	1.25	1.27	- 1.6	NE	.00	.0	—	fiscal	02-85	.1	- 75.0	(.3)	NE	(.07)	NE	1.1	37.5	(1.4)	NE	(.51)	NE
Hambrg Hamlet O	14.50	.25	1.8	15.25	14.50	15.25	10.50	47	.65	.56	16.1	7.4	.00	.0	—	fiscal	03-85	9.9	6.5	.3	50.0	.39	30.0	38.6	8.7	1.4	75.0	1.95	68.1
Hungry Tiger M	4.75	.00	.0	4.88	4.75	6.50	3.63	671	2.31	1.39	66.2	NE	.00	.0		9 mos.	05-85	20.7	- 3.3	(.4)	- 100.0	(.13)	- 100.0	49.6	- 5.3	(.9)	- 100.0	(.29)	- 100.0
Intl Dairy Queen O	65.00	4.00	6.6	67.50	61.00	65.00	39.00	32	.16	.13	23.1	15.9	.00	.0	—	6 mos.	05-85	48.4	27.7	3.1	- 90.5	1.54	40.0	75.6	15.1	3.9	- 88.3	1.92	35.2
Intl King Tab M	19.75	.25	1.3	20.00	19.50	24.75	15.25	190	.66	2.03	- 67.5	14.1	.00a	.0	—	9 mos.	03-85	24.3	1.7	1.5	25.0	.48	14.3	61.7	3.9	3.3	17.9	1.11	13.3
JB's Rest M	13.50	.25	1.9	13.50	13.00	15.50	9.00	1,887	5.39	6.24	- 13.6	58.7	.16	1.2	—	6 mos.	03-85	18.0	35.3	.3	.0	.07	- 22.2	36.7	38.5	.9	.0	.24	- 4.0
Jerrico Inc M	20.13	- .75	- 3.6	20.50	19.63	21.63	14.25	5,136	3.25	2.66	22.2	14.3	.12	.6		fiscal	06-85	140.6	11.1	7.6	10.1	.48	11.6	518.2	7.0	22.3	9.3	1.41	9.3
Kapok Cp A	3.75	- .25	- 6.3	4.00	3.75	4.38	1.13	84	.34	1.88	- 81.9	4.1	.00	.0	—	6 mos.	03-85	5.6	- 12.5	(.1)	NE	(.06)	NE	10.8	- .9	3.8	NE	1.61	NE
Karcher Carl M	15.88	- .38	- 2.3	16.13	15.75	29.13	13.50	831	1.17	1.98	- 40.9	14.3	.00	.0		3 mos.	04-85	95.5	- 2.7	.8	- 82.2	.11	- 82.8	95.5	- 2.7	.8	- 82.2	.11	- 82.8
Kelly-Johnston O	.38	.00	.0	0.50	0.38	5.00	.25	1,080	1.27	1.27	.0	NE	.00	.0	—	6 mos.	09-84	32.0	60.0	(9.8)	- 100.0	.44	193.3	60.3	93.9	(13.5)	- 100.0	.00	- 100.0
Lifestyle Rest A	1.75	.00	.0	1.88	1.63	3.50	1.63	193	.34	.40	- 15.0	NE	.00	.0	—	6 mos.	04-85	24.6	- 12.1	(1.7)	NE	(.29)	NE	41.7	- 11.7	(4.2)	NE	(.73)	NE
Luby's Cafe N	34.13	.25	.7	34.38	33.25	37.38	26.38	265	.22	.60	- 63.3	22.0	.60	1.8	—	9 mos.	05-85	52.5	14.4	5.5	7.8	.45	7.1	144.5	17.5	13.8	12.2	1.14	11.8
Marcus Corp M	18.50	- .38	- 2.0	18.88	18.50	19.13	13.88	102	.20	.60	- 66.7	12.0	.30	1.6	—	9 mos.	02-85	27.2	5.8	.8	100.0	.16	77.8	90.9	4.2	5.6	9.8	1.10	10.0
Marriott Corp N	96.50	- .13	- .1	96.75	92.13	100.00	70.00	1,602	.62	.62	.0	16.9	.54	.6	—	6 mos.	06-85	1002.3	21.5	43.1	24.2	1.59	24.2	1876.5	19.6	70.8	22.7	2.63	24.6
Maverick Rest M	3.00	- .13	- 4.0	3.13	2.75	6.25	2.25	15	.03	.20	- 85.0	100.0	.00	.0	—	3 mos.	04-85	3.1	29.2	.0	- 100.0	.00	- 100.0	3.1	29.2	.0	- 100.0	.00	- 100.0
Max & Erma's O	2.75	.00	.0	3.25	2.75	4.75	2.50	4	.02	.18	- 88.9	NE	.00	.0	—	6 mos.	04-85	3.8	- 13.6	.0	NE	.02	NE	8.6	- 2.3	.1	NE	.05	NE
McDonald's Cp N	66.13	.25	.4	66.50	64.00	70.00	48.50	10,140	1.18	1.05	12.4	14.3	.90	1.4		6 mos.	06-85	955.6	10.5	117.1	7.8	1.35	10.7	1764.2	9.6	201.4	9.7	2.31	11.6
McFaddin Ventures M	11.25	.00	.0	11.25	11.00	12.25	9.75	160	.33	.94	- 64.9	13.9	.00	.0		6 mos.	05-85	16.6	74.7	1.4	75.0	.30	76.5	29.8	49.0	2.6	62.5	.55	61.8
Morrison Inc M	21.00	- .63	- 2.9	22.00	21.00	21.88	15.50	1,883	1.42	1.50	- 5.3	13.7	.48	2.3	—	fiscal	05-85	126.0	- 1.6	6.5	4.8	.48	6.7	484.3	4.2	20.9	2.0	1.53	4.1
Mr Steak O	1.88	- .13	- 6.3	2.13	1.88	3.13	1.13	207	.43	.88	- 51.1	NE	.00	.0	—	6 mos.	03-85	.9	- 94.8	(.2)	NC	(.05)	NC	14.8	- 54.7	(.1)	NC	(.03)	- 100.0
Nankin Express O	.88	- .25	- 22.2	1.13	0.88	2.38	.63	185	.82	.93	- 11.8	NE	.00	.0	—	3 mos.	04-85	.3	50.0	(.3)	NE	(.13)	NE	.3	50.0	(.3)	NE	(.13)	NE
Nathans M	3.88	.25	6.9	3.88	3.50	4.50	2.00	160	.72	.44	63.6	12.1	.05	1.3		fiscal	03-85	4.5	9.8	(.2)	NE	(.07)	NE	21.7	8.5	.7	75.0	.32	69.4
Natl Pizza M	12.38	.50	4.2	12.38	11.63	12.38	7.50	289	.52	1.16	- 55.2	16.7	.00	.0		3 mos.	06-85	15.0	48.5	1.4	27.3	.26	18.2	15.0	48.5	1.4	27.3	.26	18.2
Naugles Inc M	5.50	- .50	- 8.3	5.63	5.25	10.13	4.50	1,262	2.78	1.74	59.8	NE	.00	.0	—	9 mos.	03-85	27.4	11.8	(2.0)	NE	(.44)	NE	93.3	6.5	(1.7)	NE	(.38)	NE
Noble Roman O	7.75	.00	.0	8.25	7.75	8.50	5.94	9	.07	.48	- 85.4	45.6	.00	.0	—	3 mos.	03-85	4.7	4.4	(.1)	NC	(.11)	- 100.0	4.7	4.4	(.1)	NC	(.11)	- 100.0
1 Potato 2 O	1.13	.50	80.0	1.50	0.50	7.75	.50	187	.85	.63	34.9	NE	.00	.0	—	3 mos.	04-85	3.5	- 7.9	(.4)	NE	(.17)	NE	3.5	- 7.9	(.4)	NE	(.17)	NE
Old Fashion Fd M	4.75	.25	5.6	5.00	4.63	5.25	4.00	192	1.37	.64	114.1	7.5	.00	.0		fiscal	05-85	3.8	11.8	.4	300.0	.29	123.1	14.1	24.8	.9	28.6	.63	10.5
Pancho Mex Buffet M	8.25	.13	1.5	8.25	8.13	8.38	6.00	782	2.11	2.80	- 24.6	14.7	.13	1.6		9 mos.	06-85	9.7	16.9	.6	50.0	.17	6.3	26.1	14.5	1.2	20.0	.37	2.8
Peo Restaurants M	.19	.06	50.0	0.19	0.13	1.88	.13	1,020	1.18	1.96	- 39.8	NE	.00	.0	—	6 mos.	12-84	5.5	- 69.6	(17.1)	NE	(1.97)	NE	13.8	- 54.0	(20.4)	- 100.0	(2.36)	- 100.0
Piccadilly Caf M	22.25	- .25	- 1.1	22.38	22.13	24.25	16.50	808	1.34	.84	59.5	14.1	.60	2.7	—	9 mos.	03-85	44.0	2.6	1.3	- 40.9	.21	- 41.7	138.8	8.1	7.0	18.6	1.16	18.4



Source: Media General Financial Services

Oct. 28, 1983 = 100



Stock Market

Company and Market	Price: 8-02-85 Close	Price: Weekly Change Amt.	Price: Weekly Change Pct.	Price: Weekly Range High	Price: Weekly Range Low	Price: 52-Week Range High	Price: 52-Week Range Low	Volume: Weekly Shares Traded Total	Volume: Weekly Shares Traded % Out	Volume: 12-Week Avg. Vol As % Out	Volume: Volume Trend Change
-	$	$	%	$	$	$	$	(100)	%	%	%
Pizza Inn A	8.13	.00	.0	8.13	7.63	12.75	6.88	150	.49	.91	- 46.2
Po-Folks M	14.13	- .38	- 2.6	14.63	14.00	16.63	8.75	501	1.13	1.16	- 2.6
Ponderosa Sys N	12.25	.00	.0	12.38	11.75	21.00	10.75	947	.98	2.38	- 58.8
Primo Inc O	2.25	.13	5.9	2.50	2.13	4.63	1.50	164	.49	.82	- 40.2
RAX Restaurants M	8.00	- .25	- 3.0	8.50	7.25	16.38	7.25	1,098	1.60	.78	105.1
Rest Assoc A	8.88	.75	9.2	9.25	8.25	9.25	5.38	527	1.87	.69	171.0
Rest Mgmt O	19.25	- .25	- 1.3	19.75	19.25	20.00	9.00	149	.94	1.60	- 41.3
Rest Systems M	15.50	- .75	- 4.6	16.00	15.00	16.50	11.75	243	1.05	1.08	- 2.8
Ritzys G D M	2.25	.25	12.5	2.25	2.00	6.25	1.75	388	.75	.86	- 12.8
Rusty Pelican M	16.63	- .25	- 1.5	16.63	16.63	18.25	11.00	207	.73	.52	40.4
Ryan's Fam M	18.00	.50	2.9	18.00	17.50	19.25	11.34	461	.66	1.29	- 48.8
Saga Corp N	26.75	.25	.9	27.50	26.00	35.50	24.50	3,023	2.31	1.69	36.7
Sandwich Chef M	8.63	.13	1.5	8.63	8.25	9.00	6.88	60	.48	.71	- 32.4
Sea Galley M	7.38	.38	5.4	7.38	6.88	9.50	6.50	1,113	3.50	2.57	36.2
Shoney's Inc M	26.38	- 1.88	- 6.6	27.13	26.25	31.88	21.94	4,409	1.55	1.14	36.0
Shoney's South M	10.75	- .25	- 2.3	11.00	10.38	16.59	10.00	1,290	2.30	1.54	49.4
SIS Cp O	4.25	.00	.0	5.00	4.25	6.00	3.25	82	.53	.30	76.7
Sizzler Rest Intl M	16.50	- 1.25	- 7.0	16.75	16.00	17.75	9.00	1,154	1.13	.95	18.9
Skippers M	9.38	.13	1.4	9.50	9.13	12.50	8.50	102	.37	1.20	- 69.2
So Hospitality M	4.88	.00	.0	5.00	4.63	5.88	4.00	1,450	2.91	2.64	10.2
Stuff Yer Face O	.75	- .03	- 4.0	0.81	0.72	1.44	.50	481	.32	.36	- 11.1
Swensens Inc O	2.25	- .13	- 5.3	2.50	2.25	3.50	1.50	87	.16	.28	- 42.9
Taco Villa O	5.75	- .25	- 4.2	6.25	5.75	7.75	4.75	94	.24	.19	26.3
Taco Viva M	5.50	.13	2.3	5.75	5.38	7.50	4.84	135	.39	1.25	- 68.8
TGI Friday's N	9.75	- .50	- 4.9	10.38	9.63	12.38	7.88	533	.46	.78	- 41.0
TGIF Texas O	2.00	.00	.0	2.50	2.00	2.38	2.00	23	.15	.10	50.0
TCBY Entrprs M	19.63	.38	1.9	19.75	17.50	21.50	2.22	1,629	3.74	3.65	2.5
Transworld N	37.38	- 1.38	- 3.5	38.88	37.25	41.13	28.00	4,037	1.13	1.90	- 40.5
USACafes M	5.38	.00	.0	5.50	5.13	6.00	2.75	1,707	2.72	2.53	7.5
Vicorp Restaurants M	25.75	- 1.13	- 4.2	26.13	24.75	28.25	13.25	1,666	1.98	5.55	- 64.3
Victoria Stations M	3.00	.25	9.1	3.00	2.75	6.63	2.13	503	1.11	2.18	- 49.1
Wendys Intl N	17.50	- .38	- 2.1	17.75	17.13	19.13	12.19	7,318	1.00	1.38	- 27.5
Wtrn Steer M	12.00	.50	4.3	12.00	10.50	12.00	9.00	31	.26	.30	- 13.3
Winners Cp N	6.13	.00	.0	6.25	6.13	13.38	5.13	224	.50	.75	- 33.3
Hotels, Motels, and Casinos											
Brock Hotel Cp N	2.50	- .13	- 4.8	2.75	2.50	5.63	1.88	446	.34	.95	- 64.2
Hilton Hotels N	63.88	.25	.4	64.75	62.63	73.50	49.00	1,042	.42	.83	- 49.4
Holiday Inns N	53.50	.63	1.2	58.13	51.50	58.13	35.25	4,816	1.68	1.28	31.3
Prime Mtr Inn N	34.63	.13	.4	35.13	34.00	35.13	16.13	1,752	.91	1.03	- 11.7
Ramada Inns N	7.38	.50	7.3	7.63	6.63	8.25	5.13	9,998	2.69	1.90	41.6
Servico Inc M	20.00	- .91	- 4.3	20.91	20.00	21.38	13.44	132	.34	.70	- 51.4
Sonesta Intl O	22.50	.00	.0	25.00	22.50	27.00	18.50	20	.13	.07	85.7
Other Companies with Food-Service Operations											
Allegheny Bev M	19.25	- .38	- 1.9	19.38	19.00	22.63	15.25	331	.55	1.77	- 68.9
Ch Full O Nut N	8.50	.25	3.0	8.50	8.00	11.41	7.00	174	.36	.57	- 36.8
Disney, Walt N	90.63	2.38	2.7	91.75	86.50	95.00	53.63	6,496	1.97	2.03	- 3.0
Arden Intl O	2.25	.13	5.9	2.63	2.13	2.75	1.13	205	.87	.60	45.0
Gen Mills N	56.88	.13	.2	56.88	55.88	64.00	47.75	4,490	1.01	1.67	- 39.5
Grace W R N	42.75	.38	.9	43.00	42.25	44.50	38.50	4,657	.96	.94	2.1
Horn & Hardart A	8.50	- .38	- 4.2	8.88	8.50	15.59	8.38	778	.63	1.13	- 44.2
Ogden Corp N	31.13	- .38	- 1.2	31.50	30.50	34.25	24.13	1,258	.96	1.00	- 34.0
PepsiCo Inc N	57.88	1.38	2.4	58.25	55.25	60.50	39.88	18,941	1.97	1.87	5.3
Pillsbury Co N	51.38	1.13	2.2	54.25	48.00	56.63	36.63	5,775	1.33	.89	49.4
Restec O	3.75	.25	7.1	4.00	3.50	4.50	3.50	4	.02	.09	- 77.8
Vie de France M	10.63	.00	.0	10.63	10.25	15.25	8.13	1,572	1.45	1.57	- 7.6

Financial Update

Company and Market	P/E Ratio	Indicated Dvd. Rate Amt.	Indicated Dvd. Rate Yld.	Latest Report: New Report	Latest Report: Period	Latest Report: Date Ended	Latest Quarter: Revenue Amt.	Latest Quarter: Revenue Chg.	Latest Quarter: Net Income Amt.	Latest Quarter: Net Income Chg.	Latest Quarter: E.P.S. Amt.	Latest Quarter: E.P.S. Chg.	Year-to-Date: Revenue Amt.	Year-to-Date: Revenue Chg.	Year-to-Date: Net Income Amt.	Year-to-Date: Net Income Chg.	Year-to-Date: E.P.S. Amt.	Year-to-Date: E.P.S. Chg.
-	-	$	%	-	-	-	$Mil	%	$Mil	%	$	%	$Mil	%	$Mil	%	$	%
Pizza Inn A	27.1	.08	1.0	—	3 mos.	03-85	47.7	24.2	.1	- 87.5	.04	- 84.6	47.7	24.2	.1	- 87.5	.04	- 84.6
Po-Folks M	18.3	.00	.0		9 mos.	06-85	39.3	34.1	1.6	23.1	.36	24.1	99.8	31.7	2.4	4.3	.54	3.8
Ponderosa Sys N	27.2	.40	3.3	—	3 mos.	06-85	117.2	- 1.3	.8	- 82.2	.08	- 85.5	117.2	- 1.3	.8	- 82.2	.08	- 85.5
Primo Inc O	NE	.00	.0	—	6 mos.	03-85	.8	- 20.0	.1	.0	.03	.0	1.8	- 10.0	.2	.0	.07	16.7
RAX Restaurants M	40.0	.00	.0	—														
Rest Assoc A	20.6	.00	.0	—	3 mos.	03-85	33.2	10.7	(.3)	NC	(.12)	NC	33.2	10.7	(.3)	NC	(.12)	NC
Rest Mgmt O	20.3	.09	.5	—	6 mos.	04-85	8.3	25.8	.5	66.7	.24	14.3	18.2	37.9	1.0	42.9	.52	20.9
Rest Systems M	47.0	.00	.0	—	3 mos.	03-85	10.5	1.0	.5	.0	.23	9.5	10.5	1.0	.5	.0	.23	9.5
Ritzys G D M	NE	.00	.0	—	3 mos.	03-85	3.0	7.1	(.7)	NE	(.13)	NE	3.0	7.1	(.7)	NE	(.13)	NE
Rusty Pelican M	22.5	.00	.0	—	9 mos.	04-85	13.0	39.8	.6	20.0	.24	- 4.0	34.5	40.2	1.1	.0	.42	- 20.8
Ryan's Fam M	29.5	.00	.0	—	6 mos.	06-85	12.4	61.0	1.3	62.5	.18	50.0	22.9	59.0	2.4	50.0	.34	41.7
Saga Corp N	10.7	.52	1.9	—	9 mos.	03-85	327.3	15.2	7.6	- 7.3	.57	- 8.1	930.0	12.7	27.0	9.8	2.02	5.2
Sandwich Chef M	15.1	.00	.0	—	9 mos.	03-85	7.2	9.1	.2	.0	.13	- 23.5	21.2	12.2	.5	.0	.40	5.3
Sea Galley M	3.9	.00	.0	—	6 mos.	06-85	15.3	- 7.8	.3	- 81.3	.13	- 68.3	29.9	- 8.3	2.3	- 23.3	.70	- 9.1
Shoney's Inc M	22.2	.15	.6	—	6 mos.	04-85	129.6	15.0	8.9	23.6	.31	19.2	279.6	15.4	17.2	25.5	.60	20.0
Shoney's South M	10.1	.00	.0	—	3 mos.	03-85	50.3	8.2	.9	- 52.6	.15	- 55.9	50.3	8.2	.9	- 52.6	.15	- 55.9
SIS Cp O	NE	.00	.0	—	3 mos.	03-85	2.5	78.6	(.1)	NE	(.09)	NE	2.5	78.6	(.1)	NE	(.09)	NE
Sizzler Rest Intl M	17.0	.00	.0	—	fiscal	04-85	42.6	13.0	2.9	16.0	.28	16.7	159.5	11.9	9.9	23.8	.97	24.4
Skippers M	10.2	.06	.6	—	6 mos.	06-85	16.1	11.8	.6	.0	.24	9.1	31.5	13.3	1.1	.0	.41	- 2.4
So Hospitality M	13.9	.00	.0	—	fiscal	05-85	3.4	- 6.9	.7	.0	.15	.0	38.7	8.4	1.7	13.3	.35	6.1
Stuff Yer Face O	NE	.00	.0	—	9 mos.	12-84	.5	.0	(.4)	NC	(.03)	NC	1.5	7.1	(.6)	- 100.0	(.04)	- 100.0
Swensens Inc O	NE	.00	.0		6 mos.	06-85	3.1	6.9	.0	NC	.01	.0	5.8	9.4	(.3)	NC	(.04)	- 100.0
Taco Villa O	19.8	.00	.0	—	3 mos.	03-85	8.8	22.2	.3	.0	.07	- 12.5	8.8	22.2	.3	.0	.07	- 12.5
Taco Viva M	16.2	.00	.0	—	9 mos.	02-85	5.5	- 6.8	.3	- 25.0	.10	- 9.1	17.7	8.6	.9	12.5	.27	12.5
TGI Friday's N	14.1	.00	.0		6 mos.	06-85	80.1	12.5	3.6	5.9	.20	11.1	156.4	14.6	7.0	7.7	.39	11.4
TGIF Texas O	NE	.00	.0	—	3 mos.	03-85	3.2	23.1	(.2)	NE	(.15)	NE	3.2	23.1	(.2)	NE	(.15)	NE
TCBY Entrprs M	54.5	.00	.0	—	6 mos.	05-85	4.3	207.1	.8	166.7	.19	171.4	6.3	200.0	1.0	233.3	.23	187.5
Transworld N	12.4	.48	1.3		6 mos.	06-85	529.7	5.1	30.9	3.3	.79	- 7.1	1009.5	4.3	47.1	- 4.3	1.19	- 9.8
USACafes M	15.4	.28	5.2		9 mos.	06-85	4.5	15.4	.5	.0	.10	.0	13.9	16.8	1.7	6.3	.26	- 10.3
Vicorp Restaurants M	21.5	.12	.5	—	6 mos.	04-85	85.8	61.0	1.4	- 30.0	.17	- 43.3	192.5	121.3	2.8	- 9.7	.34	- 26.1
Victoria Stations M	NE	.00	.0	—	fiscal	03-85	20.3	- 14.0	(2.2)	NE	(.62)	NE	93.8	- 7.3	(5.9)	NE	(1.67)	NE
Wendys Intl N	18.2	.21	1.2	—	3 mos.	03-85	236.5	15.1	14.5	11.5	.20	11.1	236.5	15.1	14.5	11.5	.20	11.1
Wtrn Steer M	19.7	.20	1.7	—	3 mos.	05-85	11.4	20.0	.3	.0	.27	3.8	11.4	20.0	.3	.0	.27	3.8
Winners Cp N	43.8	.00	.0	—	3 mos.	03-85	24.0	- 1.2	(.6)	- 100.0	(.16)	- 100.0	24.0	- 1.2	(.6)	- 100.0	(.16)	- 100.0
Hotels, Motels, and Casinos																		
Brock Hotel Cp N	NE	.10	4.0	—	3 mos.	03-85	66.8	- 8.6	13.9	2680.0	.98	2350.0	66.8	- 8.6	13.9	2680.0	.98	2350.0
Hilton Hotels N	13.4	1.80	2.8	—	6 mos.	06-85	190.7	40.7	27.5	11.8	1.11	20.7	358.9	19.8	51.0	16.7	2.05	25.8
Holiday Inns N	13.4	1.00	1.9	—	3 mos.	03-85	427.2	6.4	33.7	29.6	1.08	56.5	427.2	6.4	33.7	29.6	1.08	56.5
Prime Mtr Inn N	30.6	.09	.3	—	9 mos.	03-85	53.0	196.1	6.0	46.3	.31	47.6	155.5	208.5	17.3	36.2	.89	34.8
Ramada Inns N	92.2	.00	.0	—	3 mos.	03-85	137.5	- 4.3	(1.6)	- 100.0	(.04)	- 100.0	137.5	- 4.3	(1.6)	- 100.0	(.04)	- 100.0
Servico Inc M	13.9	.00a	.0		3 mos.	03-85	42.0	- 2.1	.1	- 88.9	.04	- 83.3	42.0	- 2.1	.1	- 88.9	.04	- 83.3
Sonesta Intl O	7.6	.40	1.8	—	3 mos.	03-85	12.0	- 13.7	(2.1)	NE	(1.85)	NE	12.0	- 13.7	(2.1)	NE	(1.85)	NE
Other Companies with Food-Service Operations																		
Allegheny Bev M	19.1	.40	2.1	—	9 mos.	12-84	NC	NC	(2.3)	- 100.0	(.37)	- 100.0	368.4	35.4	4.7	- 48.9	.75	- 49.3
Ch Full O Nut N	NM	.00a	.0	—	9 mos.	04-85	29.9	4.2	.1	- 66.7	.02	- 66.7	87.1	.2	.4	- 60.0	.09	- 57.1
Disney, Walt N	51.2	1.20	1.3	—	9 mos.	06-85	546.9	11.2	52.5	15.6	1.56	26.8	1424.9	17.0	119.7	39.7	3.55	48.5
Arden Intl O	NE	.00	.0	—	3 mos.	03-85	3.5	20.7	(.1)	NC	(.04)	NE	3.5	20.7	(.1)	NC	(.04)	NE
Gen Mills N	33.7	2.24	3.9	—	9 mos.	02-85	354.8	- 73.6	(74.1)	- 100.0	(1.64)	- 100.0	3300.6	- 22.2	35.6	- 81.5	.79	- 80.6
Grace W R N	12.4	2.80	6.5	—	6 mos.	06-85	1908.8	9.6	41.4	- 28.0	.83	- 29.7	3488.8	7.7	76.9	- 25.6	1.55	- 26.9
Horn & Hardart A	16.3	.00a	.0	—	3 mos.	03-85	82.3	- 4.7	.0	- 100.0	(.01)	- 100.0	82.3	- 4.7	.0	- 100.0	(.01)	- 100.0
Ogden Corp N	15.0	1.80	5.8	—	3 mos.	03-85	578.0	9.3	12.0	2.6	.63	3.3	578.0	9.3	12.0	2.6	.63	3.3
PepsiCo Inc N	15.1	1.78	3.1	—	3 mos.	03-85	1683.6	4.9	62.8	33.1	.66	32.0	1683.6	4.9	62.8	33.1	.66	32.0
Pillsbury Co N	12.2	1.56	3.0	—	fiscal	05-85	1219.4	12.6	47.3	1.3	.89	- 17.6	4670.6	11.9	191.8	13.0	4.22	7.9
Restec O	NC	.00	.0	—	3 mos.	03-85	1.1	57.1	(.1)	NC	(.03)	- 100.0	1.1	57.1	(.1)	NC	(.03)	- 100.0
Vie de France M	18.0	.23	2.2	—	9 mos.	03-85	18.8	16.8	1.5	- 11.8	.15	- 11.8	48.5	20.3	4.5	9.8	.42	2.4

Data and Table Provided by Media General Financial Services, Inc., Richmond, Virginia 23219

NOTES AND EXPLANATIONS: Market: N—New York Stock Exchange. A—American Stock Exchange. O—NASDAQ Over-The-Counter. M—NASDAQ National Market. **Reporting Period:** 3 mos.—First quarter of fiscal year. 6 mos.—First six months of fiscal year. 9 mos.—First nine months of fiscal year. fiscal—Fiscal year. NEW—New report since last issue. **General Field Footnotes:** NA—Not available or not applicable. NC—Data required for calculation currently incomplete in our files. NE—Negative earnings invalidate calculations. NM—No meaningful figure. a—stock dividend. b—cash plus stock dividend. **The Charts:** The *NRN* Stock Index calculates the per cent change in the market value of food-service operators since Oct. 28, 1983. The *NRN* Stock Index vs. Dow Jones Index calculates the relative performance of the two indexes from their levels of 52 weeks ago.

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NEWSPAPER

Rocky Aoki eyes new challenges

Newsmaker profile/Page 3

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Nation's
Restaurant News®

The Weekly Newspaper of the Food-Service Industry

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Operators split on meal cap

Some blast plan, others unmoved

By Paul Frumkin

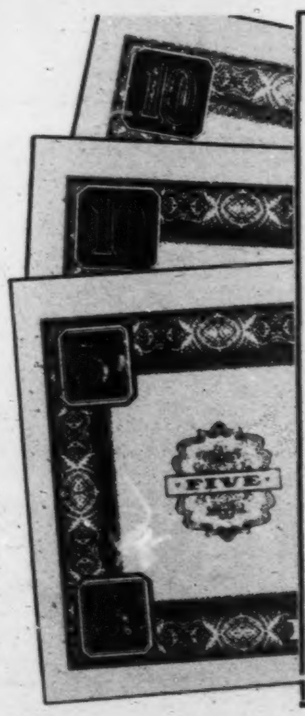
Independent restaurateurs appear to be split over the Reagan administration's proposed $25 meal cap and the effect it will have on their businesses.

The current proposal—which limits the full tax deduction on business meals to $25, while allowing a 50% deduction for any costs exceeding that limit—is alternately being blasted or disregarded by operators across the country.

Opponents of the bill argue that a meal cap would severely cut into their expense account business and, as a result, force them to reduce the size of their staffs.

But there are also operators who admit that while they are opposed to limits on deductions, it would still be business

*(See **OPERATORS**, page 11)*



FINE DINING FOR $25 OR LESS

Restaurant (Location)	**What You Can Get** (Tax and Tip Included)	**Average Check**
Dominique's (Washington, D.C.)	Lunch and dinner: Soup, poached trout, coffee	Lunch: $17-$23 Dinner: $30-$35
Le Bec Fin (Philadelphia)	Lunch only: $17 fixed price menu incl. selections such as salmon and soft-shell crab and a glass of house wine	Lunch: $25-$30 Dinner: $70
Anthony's Pier 4 (Boston)	Lunch or Dinner: Broiled scrod, potato, salad, dessert, coffee and a glass of house wine	Lunch: $16 Dinner: $27

Source: *NRN* research

Contract feeders may see benefits

NEW YORK — Contract feeders and caterers say the threat of a cap on business meal tax deductions is promoting more corporations to seek their services.

The proposed cap—part of the Reagan administration's tax plan—would limit the deductions for business meals consumed within restaurants to $25 per person, tax and tip included. A 50% write-off of amounts exceeding $25 would also be allowed.

Congress is expected to consider the proposal when it reconvenes this fall.

"In Washington there will be a lot

*(See **MEAL CAP**, page 127)*

Indys, NRA create new trade group

Membership limited to large operators

By Charles Bernstein

WASHINGTON — Operators of independent restaurants are attempting to form their own trade group under the auspices of the National Restaurant Association, *Nation's Restaurant News* has learned.

The group, tentatively called the Large Independent Operators Study Group (LIO), held meetings earlier this year, in New Orleans and Denver, and has scheduled a conference for Sept. 26 to 28 in Washington, to coincide with the NRA's fall meeting.

Organizers declined to specify the criteria for membership, but it is believed an outlet with less than $1 million in sales would not qualify.

That benchmark is expected to exclude a large percentage of the industry's independents.

Yet the LIO has been hailed by

*(See **INDEPENDENTS**, page 127)*

Grace offers $23M to buy Hungry Tiger

By Richard Martin

NEW YORK — With the ink barely dry on last month's deal to buy 52 General Mills dinnerhouses, W. R. Grace & Co. has forged another link in its chain-acquisition strategy by agreeing to buy the 40-unit Hungry Tiger seafood-dinnerhouse company, based in Van Nuys, Calif., for Grace stock worth $23 million.

The General Mills and Hungry Tiger acquisitions would increase Grace's restaurant holdings to more than 860 outlets. Last year Grace bought two other California-based restaurant concerns—Marriott-Host's 53 dinnerhouses (mostly Casa Maria and Charley Brown's outlets) and David Nancarrow's 89-unit Carrow's coffee shop chain.

The agreement in principle would provide a 0.16092 share of Grace stock for each of Hungry Tiger's 3.26 million shares outstanding. Based on stock prices at presstime on the Over-The-Counter Exchange, Hungry Tiger shareholders would receive a 25% premium for their stock, which closed at $5.63, up 88¢. Grace stock, traded on the New York Stock Exchange, closed down 50¢ at $43.63.

If concluded, the deal would also give Grace the option of buying 700,000 Hungry Tiger shares, held by certain of the company's directors, for $7 each, instead of stock. Spokesmen for both companies declined to elaborate on the

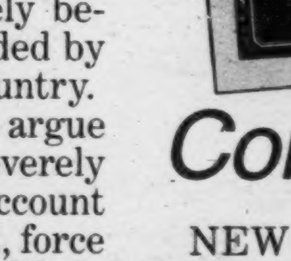
*(See **GRACE**, page 127)*

Hungry Tiger

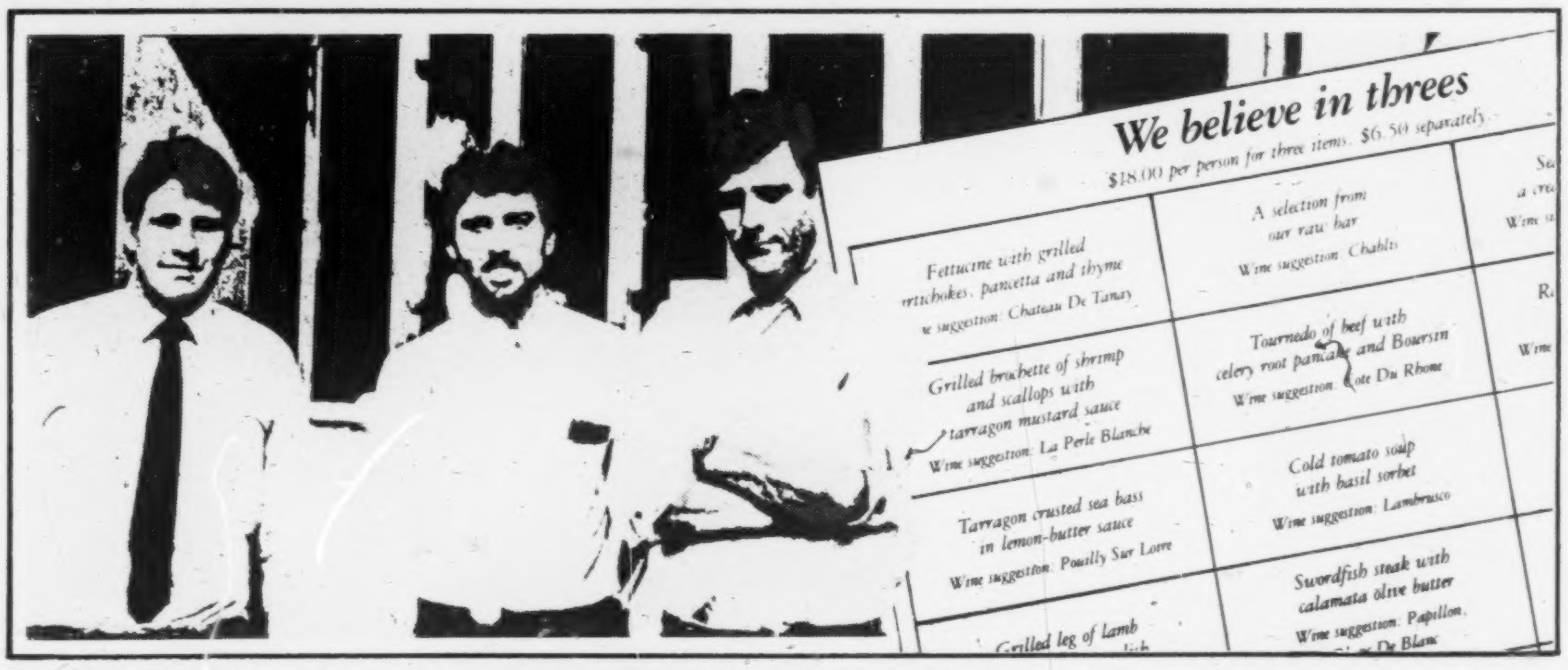
Van Nuys, Calif.

Operates:

- 40 Hungry Tigers
- 6 Breakers
- 8 California Restaurant Concepts
- 1 H.T.'s



Kikugawa



We believe in threes

$18.00 per person for three items. $6.50 separately

Fettucine with grilled artichokes, pancetta and thyme
Wine suggestion: Chateau De Tanay

A selection from our raw bar
Wine suggestion: Chablis

Grilled brochette of shrimp and scallops with tarragon mustard sauce
Wine suggestion: La Perle Blanche

Tournedo of beef with celery root pancake and Boursin
Wine suggestion: Cote Du Rhone

Tarragon crusted sea bass in lemon-butter sauce
Wine suggestion: Pouilly Sur Loire

Cold tomato soup with basil sorbet
Wine suggestion: Lambrusco

Swordfish steak with calamata olive butter
Wine suggestion: Papillon

Grilled leg of lamb

Outside Triplets, from left, are general manager Steve Robinson, financial manager Andrew Congelosi and owner Jeff Spiegel. A portion of Triplets' menu is shown at right.

Triplets: A strategy of threes

Menu has no appetizers or entrees, only small dishes

By Marilyn Alva

NEW YORK — Noticing that many of their customers were shunning traditional dining habits in favor of sharing appetizers and entrées, two restaurateurs here decided to turn the trend to their advantage next time around.

The resulting restaurant is called Triplets, a modern, unpretentious place on 8th Avenue in Chelsea, where there are no appetizers and entrées as such—only an assortment of small portions made to eat in threes. As the menu says: "The idea is simple. Triplets means three [small] plates. Three plates make a meal. The choice is yours."

In three columns with no headings, 24 different food preparations are presented on the menu. Customers are encouraged to choose three for a set price of $18, although individual selections can be had for $6.50 each. "The menu is presented in a way that customers will think about food in a freer way," said Jeff Spiegel, a Triplets owner.

"We considered what number made sense for

*(See **TRIPLETS**, page 127)*

From top Olympic wrestler to restaurateur

Rocky Aoki strikes it rich with Benihana

By Marilyn Alva

MIAMI — In the early 1960's, Rocky Aoki, the touring Japanese Olympic wrestler who became enchanted with the United States and stayed, tried his luck at the American dream. He opened a little restaurant on West 56th Street in Manhattan, a few miles south of the Harlem neighborhood where he sold ice cream from a Mr. Softee truck.

Aoki had $10,000 of his own money saved from his Harlem ice cream business and borrowed another $10,000 from the Bank of Tokyo.

His concept was intriguing. Thinking Americans were friendly and talkative but essentially lonely, he wanted to offer his four tables as communal tables where strangers would sit together and be entertained not only by each other but also by a cook who would prepare the food in front of them on hibachi grills.

Newsmaker

The entrées would not be the "slimy" dishes Americans expected from a Japanese restaurant but such familiar fare as steak, chicken and shrimp.

The rest is restaurant chain history. The first small Benihana turned into a second and third and fourth, each bigger and classier than the next, spreading to the Midwest, the South and the West. In addition to the 47 units that eventually sprouted, Aoki and his brothers own 25 restaurants in Japan.

Rocky Aoki became a millionaire many times over, and in character with a man who sees himself as a "professional challenger and adventurer," he tried his hand at other sports—powerboat racing, backgammon, ballooning—and business ventures, the latest of which, Benihana Frozen Food Classics, has pumped about $42 million into the Aoki empire after only one year and with an initial investment of only $150,000.

Rocky Aoki in the kitchen.

Aoki, 46, sees the frozen-food fortune as an omen for a "new beginning." The Benihana Japanese-style steak-

*(See **AOKI**, page 127)*

Vendors hit hard by short walk

By Ken Frydman

NEW YORK — Food-service concessionaires in 13 cities lost upward of $400,000 each during the two-day baseball strike that began on Aug. 6.

By comparison, the contract feeders lost sales of $100,000 to $125,000 from each game missed over the course of the 50-day baseball strike in 1981.

Canteen Corp., which provides the contract food service at Yankee Stadium and employs up to 700 part-time hourly workers at the arena, had to lay off all but six administrative employees during this year's strike. All the vendors were rehired at the conclusion of the major-league players' walkout.

George Toney, president of Canteen's recreation services division, estimated that approximately 6,000 peanut, beer, hotdog and soda sellers were sidelined as a result of the strike.

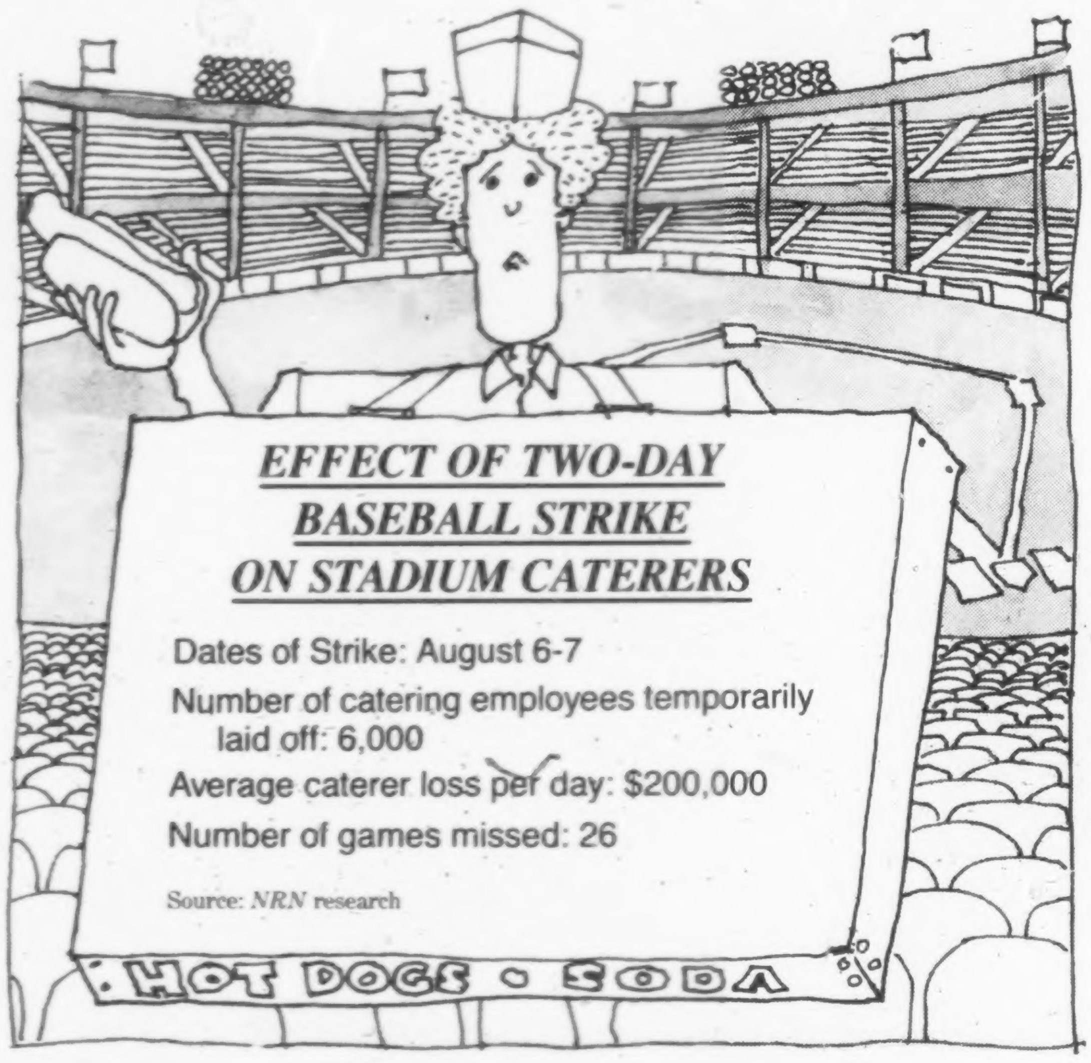
"The biggest economic impact of the strike for us was all the hourly employees we had to let go," Toney said. "We were able to salvage most of our inventory and were ready to start up again 24 hours after the strike ended."

Harry M. Stevens, which contracts with Shea Stadium, the Houston Astrodome and Fenway and Candlestick parks, fared better than most contract feeders during the strike. Only one of the stadium's Stevens services—the Astrodome—was the site of regularly scheduled games that were canceled.

"We only lost two games' revenue," said Nora DePalmo, Stevens's spokesman. "It was easy for us to get back in stride." DePalmo would not reveal Stevens' losses.

Sportservice lost four games' food-service sales, two at Cincinnati's Riverfront Stadium and two at Chicago's Comiskey Park.

"None of the food-service contractors suffered big losses during the strike because no one has more than four separate baseball stadium contracts," Toney said.



EFFECT OF TWO-DAY BASEBALL STRIKE ON STADIUM CATERERS

Dates of Strike: August 6-7

Number of catering employees temporarily laid off: 6,000

Average caterer loss per day: $200,000

Number of games missed: 26

Source: *NRN* research

For Matta's, boom is not new

Family has served Mexican food since prairie days

MESA, Ariz. — After viewing the recent surge in popularity of Mexican food and the resulting start-up of so many Mexican chains, David Matta, owner of the 350-seat Matta's here, said he has just one question: Why did it take everyone so long to catch on?

The Matta family has operated a Mexican restaurant of one type or another here since the days when Arizona was nothing more than a sprawling prairie.

The menu for Matta's, the family's most recent Mexican venture, is basically the same as the one David Matta's great-great uncle used 120 years ago for a saloon-restaurant he opened after immigrating here from Mexico.

"Everyone who comes in here wants to see my father," Matta said. "Or they want to see me or my brothers. They want to know there's a Mr. Matta here. They want to know there's a family member watching."

The Matta's of today—a pioneer in East Mesa when it opened in 1953—is a $1.3 milion-a-year enterprise, feeding young families, old-timers who remember it as one of only two restaurants in the city at one time and young executives fueling the Sunbelt's energetic growth.

"Garcia's [a 35-unit Mexican dinnerhouse chain] started here," Matta said, "and they were very good. But once they went national, they lost who they were; they lost their 'familyness.' We basically stick pretty close to ourselves."

Sticking pretty close for David Matta includes having his wife, six children and two brothers working with him in the 8,000-sq.-ft. restaurant.

*(See **MATTA'S**, page 127)*

Correction

Because of a typographical error, the net loss for Swensen's Inc. was misstated in the Aug. 5 issue of *Nation's Restaurant News*. For the fiscal year ended Dec. 31, 1984, the company reported a net loss of $1.7 million on revenues of $11.4 million.

Shakey's moves into franchising

Chain shuts 11 more units

By Alan Liddle

IRVING, Tex. — Another wave of unit closings has swept through the Shakey's pizza system as it continues to reposition itself as a primarily franchised operation.

Gregg Golem, vice president of operations for the Irving-based chain, said 11 company units shut down: six in Colorado, four in Oregon and one in Wyoming. Those steps were part of Shakey's effort to eliminate unprofitable stores—often older units in areas where the demographics have changed and are no longer suited to the pizza trade—so it can concentrate on franchising, he said.

The two remaining Colorado units are now company-owned but are being transferred to franchisees. Once those franchise deals are completed, 11 company units will remain in the 292-unit chain.

"We're changing the strategy of the corporation [and] becoming a franchising entity," said Rodney Read, vice president of marketing.

Because the current owners of the 30-year-old chain obtained it through a leveraged buyout in 1984, Shakey's Inc. "doesn't have a lot of capital to play with," Golem said.

He explained that it would be unwise for the company to embark on a costly plan involving the resuscitation of lost-cause units and the building and staffing of corporate stores.

Golem indicated that refin-

*(See **SHAKEY'S**, page 117)*

New Viewpoint section, more columns in *NRN*

With this issue *Nation's Restaurant News* begins a number of major editorial changes designed to make the newspaper even more exciting and useful to its readers.

Starting on page F19, *NRN*'s new **Viewpoint** section debuts as a forum for ideas and major issues confronting the food-service industry. **Viewpoint** will contain letters and columns written each week by key industry opinion makers on issues of timely interest.

Also, a variety of new columns will appear regularly throughout *NRN*:

- Mark Schoifet's "Promo Perspective" is on page 97. Schoifet, *NRN* associate editor, covers the advertising and promotion beat.
- "Lodging Report," by Peter Romeo, *NRN*'s hotel specialist, appears on page 45.
- "State Report," a roundup of issues affecting the industry at the local level, is written by associate editor Marilyn Alva and appears on page 16.
- Two regional new columns, from West Coast editor Richard Martin and Alan Liddle of the San Francisco bureau, appear on page 13.

VIEWPOINT NRN
THE LABELING CONTROVERSY
Beyond traditional recruiting: 9 ways to hire

Those features join a number of additions to *Nation's Restaurant News* in the last few months, including a picture page and a weekly people page, dealing with job changes and corporate personnel shifts.

Hyatt, Hilton eye new niche with 'rooms-only' hotels

Lodging Report

Peter Romeo

Add Hilton Hotels and Hyatt Hotels to the list of chains looking to carve out a new niche in the mid-priced lodging market through the development of a "rooms-only" hotel.

A Hilton spokesman confirmed that the chain has a new scaled-down prototype for business travelers "on the drawing boards" but declined to comment further.

Executives of competing chains contend that the new Hilton product will be similar to Marriott's successful Courtyard concept and Ramada's new "inn of the future," with restaurants and public areas kept small to offer more luxurious and lower-priced guestrooms.

The executives believe that Hilton will use the new concept to step up its franchising efforts and use it as a possible replacement for its old roadside Hilton Inns.

Meanwhile, hoteliers in Texas report that Hyatt has its entry in the Courtyard lookalike contest already under development in Houston. The observers say the new prototype will feature about 220 rooms, a scaled-down all-day restaurant and a garden-style courtyard.

* * *

A move by Hilton and Hyatt into the burgeoning rooms-only segment would leave the chains less reliant on their restaurants as marketing tools, which may be sound reasoning.

Cover counts within hotel restaurants fell by 3.2% during April, marking the fourth consecutive month of declines, according to Laventhol & Horwath, an accounting firm.

The firm reports that hotel restaurants are trying to offset the drop in traffic by raising prices, raising the possibility of further declines in cover counts as "resistance to these increases on the part of the consumer begins to be felt."

Overall hotel food and beverage sales per occupied room climbed by less than 1% during April, to $33.21, the report said.

* * *

The beleaguered hotel industry may find itself embroiled in a new problem as computerization—particularly the use of video display terminals (VDTs)—continues to sweep through the trade.

About 60% of all VDT users, including front desk clerks and reservations agents, experience sight problems in one form or another, according to a new study by the National Association of Women Office Workers.

A spokesman for the association said that one member is already trying to collect worker's compensation for an eye illness that a doctor attributed directly to working on a VDT.

The American Optometric Association says it receives a similar influx of VDT-related complaints every day. Dr. Michael Smith of the National Institute of Occupational Safety and Health has said that there is a "well-documented" connection between VDT use and visual impairment.

Other studies have suggested that VDTs can cause cataracts and raise the risk of heart attacks for female users. But the National Academy of Science said it still stands by its 1982 finding that there are no discernible health hazards inherent in the use of VDTs.

* * *

Rocky Aoki, chairman and president of Benihana, has become the latest restaurateur to announce plans to expand into the hotel industry.

He joins Alan Stillman of Smith & Wollensky and T.G.I. Friday's fame, who says he plans to open a 25-room exclusive hotel in New York, and Anthony Athanas of Anthony's Pier 4 in Boston, who is co-developing a hotel in Boston with Hyatt Hotels. The property will be called the Pier Hyatt.

Meanwhile, Ted Balestreri, president of the National Restaurant Association and operator of the Sardine Factory in Monterey, Calif., is working with partner Bert Cutino and restaurateur A. Cal Rossi Jr. to build the 291-room Monterey Plaza hotel.

Salaries of professional-level hospitality workers on the rise

NEW YORK — The hiring of professional-level employees within the U.S. hospitality industry is increasing at a rate of about 8.5%, according to a new employment survey by the consulting firm Roth Young Personnel Service Inc.

The survey, based on an analysis of more than 800 job requests placed with Roth Young, also found that the salaries of professional-level restaurant and hotel workers are increasing by 7% to 8%.

The study noted that the 1985 increases in hiring and salaries mirrors the increases of 1984.

General managers are most in demand within the restaurant industry, followed by chefs and fast-food outlet managers, according to the survey.

The study projected that general managers command a median salary of $36,000, chefs draw a median of $31,200 and fast-food managers collect a median of $46,000.

Within the U.S. lodging industry, chefs are most in demand, followed by food and beverage directors, said the study.

The executive chefs draw a median salary of $39,100, while food and beverage directors command a median salary of $35,900.

U.S. HOSPITALITY INDUSTRY SALARY OUTLOOK

Select High-Demand Jobs	Projected U.S. Median Salaries
Restaurant/FoodService	
V.P. Gen. Mgr.	$72,900
Sales/Marketing Director	66,100
Operations Director (Chain)	60,700
Controller (Chain)	61,400
Reg. Mgr. (Multi-Unit Chain)	53,100
Area Manager (Fast Food Chain)	46,000
Restaurant General Manager	36,100
Banquet Manager	30,800
Chef	31,200
Sous Chef	25,100
Lodging	
Vice President/Operations	65,200
General Manager	48,100
Marketing/Advertising Director	47,900
Construction Director	44,100
Personnel Director	38,200
Conference Manager	31,400
Executive Chef	39,100
Food & Beverage Director	35,900
Controller	33,400
Purchasing Manager	30,300
Pastry Chef	28,800
Assistant Manager	25,400

Source: Roth Young 2nd Half '85 U.S. Salary Outlook Survey

IRS: Servers need not pool their tips

ATLANTIC CITY — The Internal Revenue Service, responding to the protests of casino cocktail waitresses here, has dropped its request that the servers be forced to pool their tips.

The IRS had presented its proposal to the Casino Control Commission in an effort to halt a widespread underreporting of tips by the waitresses.

The IRS claims that the servers reported average tips of $2 an hour for 1980 and 1981. Undercover surveillance by IRS agents posing as gamblers found that the average for those years was actually more than $12 an hour.

The agency estimates that $2.2 million in federal taxes and $175,000 in state taxes was lost during 1984 because of tip underreporting.

Earlier this year, a U.S. Tax Court ruled that the IRS can assume that the servers take in about $12.46 an hour in tips and may tax the servers accordingly.

The ruling drew protests from the servers, who rented buses, journeyed to Washington, D.C. and demonstrated on the steps of the Capitol.

The IRS' request that the waitresses pool their tips, as casino dealers do, heightened the protest.

Local 54 of the Hotel and Restaurant Workers and Bartenders International, which represents the cocktail waitresses, claimed that the pooling of tips contradicts the servers' contract.

State Sen. William Gormley and Assemblyman J. Edward Kline, who represent Atlantic City, and U.S. Rep. William Hughes, who represents nearby Ocean City, expressed their opposition.

Florida State graduates hired at average $17,905

TALLAHASSEE, Fla. — Graduates of Florida State University's Department of Hospitality Administration were hired at an average salary of $17,905 at the conclusion of the 1984-85 school year, according to assistant professor David V. Pavesic.

Pavesic noted that the prevailing salary for 1986 graduates was about 5% higher than the average for 1984 graduates.

However, Pavesic pointed out that the average salary offered by cafeteria companies was lower this year than in 1984.

About two-thirds of the department's graduating class had accepted jobs at the time they were surveyed by Pavesic.

Pavesic said that 46 foodservice companies conducted on-site recruitment of the school's 1985 graduating class.

Over 772 interviews were conducted on campus by the recruiting companies, a 60% increase.

He noted that the number of students accepting jobs at private clubs in 1985 was more than double the 1984 tally.

Drexel U. adds hotel program to curriculum

PHILADELPHIA — Drexel University, a college here noted for its math, computer science and engineering curriculums, said it has added an educational program in hotel, restaurant and institutional food-service management.

The hospitality curriculum, which will begin with the coming fall semester, is a four-year course of study leading to a bachelor of science degree.

"One of its greatest strengths is Drexel's cooperative education plan, which will give students the opportunity to get out into industry and receive practical on-the-job training," said William J. Burt, who has been appointed director of the hospitality program. Burt said that the field training will take place in Philadelphia's major hotels.

Burt added that Drexel's "great tradition in science and technology" will very much be in evidence within the hospitality program.

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